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to Federal Low-& Moderate-Income Housing & Community Development Programs

Prepared by
The National Urban Coalition

This Guide briefly describes federally assisted, or related, low- and moderate-income housing and community development programs. It has been prepared principally for use by local urban coalitions but may be useful to other citizen groups working to increase the effectiveness of these programs in their communities.

This supersedes the edition of March 1, 1970. Single copies are $1.00. Bulk rates are 50 cents per copy for over 10 copies. Assistance in preparing this edition was provided by Charles Edson, Esquire, of Frosh, Lane and Edson, Washington, D. C.

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Guide to Federal Low- & Moderate-Income Housing & Community Development Programs

Third Edition
August 1, 1971

Prepared by
The National Urban Coalition

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The third edition of this Guide appears at a time of ferment and some confusion concerning the future of the categorical grant programs it describes.

The President has proposed a "phasing out" of model cities, urban renewal, water and sewer grants, and rehabilitation programs into a new "urban community development" program, one of six "special-revenue-sharing" packages.

At the same time, Congress may also consider various proposals to consolidate separate programs in housing and community development, some of which may contemplate the financing of state and metropolitan area housing and community development agencies.

In addition, many of the programs have been seriously impaired by the Administration's withholding of several hundred million dollars already appropriated for public housing, urban renewal, model cities, and water and sewer grants. The executive practice of "impounding" appropriated funds has 50 years of precedent. But the pressing needs of urban areas has made the withholding of funds particularly harmful in recent years. Moreover the Administration's requests for appropriations generally fall short of authorized amounts in these program areas.

Since 1968 the cancer-like phenomenon of housing abandonment has been effectively destroying thousands of units of housing. Many of these were essentially sound structures. Resident ownership seems to be the most effective factor preventing abandonment, but the absence of economical financing of residential ownership in the central cities has weakened this positive facet of city life. There is no program in the Guide that can prevent abandonment, although urban renewal (for which funds are limited) can be used to acquire the area after abandonment.

Federally assisted housing now accounts for a quarter to a third of total housing starts, causing other problems to arise in the local use of housing subsidies. Over 15 years ago, Prof. Norman Williams of Rutgers cogently observed that "in effect, economic segregation is not only the easiest but also the most effective form of racial and ethnic segregation." Yet, "it is a major premise of American democracy that familiarity, at least in the context of economic security and decent living conditions, breeds not contempt but mutual respect."

Housing sponsors are increasingly putting that creed to the test. Some of them have encountered discriminatory abuses of local land-use controls intended to keep low- and moderate-income housing out of some localities. A new body of law is emerging as federal and state courts confront the issues posed by urban growth in which the federal role has grown significantly. A new section of the Guide provides advice on the state of the law as of June 1, 1971, in the light of decisions to that date, with particular emphasis on the ruling by a narrow majority of the Supreme Court on public housing referendums. That decision, although most unfortunate, is quite limited.

Local exclusion of subsidized housing does not yet measurably threaten the achievement of national housing goals. But it does test the willingness of the federal government to support constitutional guarantees, to protect its programs from unlawful interference, and to provide an atmosphere in which private investment and energy can flourish.

After all, housing programs are based on their attractiveness to private enterprise. A large part of that attractiveness, in turn, is based on predictability—that is, the ability of

private enterprise to work in tandem with government to meet social needs with some way to assess gains and risks of the venture. Where the government fails to support its own programs it increases the risks and uncertainties for private efforts.

In an otherwise ambivalent major policy statement issued in June, 1971, the President seemed to pledge vigorous action to prevent localities from discriminating against proposed subsidized housing on racial grounds. The statement, however, also evinced a desire to draw policy distinctions between "economic" in contrast to "racial" discrimination, a distinction that could be useful primarily to explain any future failure to redeem the pledge to oppose racial discrimination. To implement the affirmative aspects of the President's statement, HUD has announced policies which are summarized in this edition on page 22.

The fates of black and white, housing producer and housing consumer, city resident and suburbanite are fully interwoven. Technology that cannot be applied, energies that are frustrated or not stimulated, investment that is not attracted, neighborhoods that are literally abandoned, all these stymie national economic development at a time when it is most needed.

While the future of these programs will be weighed in the Congress and the courts, this new edition describes the major changes brought about by the Housing and Urban Development Act of 1970 and other related legislation and the reorganization of HUD announced in early 1971. These include significant additional flexibility in the public housing program, a new federal approach to the problems of relocation and replacement housing, performance bonds, crime insurance, and new communities. This edition also contains new summary material on taxes, the National Housing Partnership, as well as the previously mentioned material on local exclusion of subsidized housing.

As before, most programs described are administered by the Department of Housing and Urban Development (HUD). Generally, the Guide adopts program designations commonly employed by those familiar with them. Appendix A1 identifies programs by section numbers (the scourge of the community development world). Appendix A2 presents a brief glossary of terms. HUD regional delineations are outlined in Appendix B1. Appendix B2 is a listing of the latest HUD regional directors and area offices structure. — *Herbert M. Franklin*

I. Low- and Moderate-Income Housing Programs

The principal federal low- and moderate-income housing assistance programs are:
—the low-rent public housing program and
—the rent supplement and mortgage assistance programs.

In accordance with the reorganization announced by HUD in January, 1971, two assistant secretaries have been charged with the responsibilities of the housing programs. The Assistant Secretary for Housing Production and Mortgage Credit, who also serves as the Federal Housing Commissioner, is responsible for the supervision of all housing production activities. These responsibilities include "the initiation, construction, and financial settlement of housing and related facilities in the areas of low-rent public housing, rent supplements, mortgage insurance, and other programs for facilitating housing production." The Assistant Secretary for Housing Management is responsible for "the social, physical, and financial aspects of managing housing after it is produced, including mortgage servicing for FHA-insured multifamily programs." (The Assistant Secretary for Community Development administers the urban renewal, model cities, water and sewer, open space, and other community development programs discussed in Part II.)

All federally assisted low- and moderate-income housing programs currently produce a total of about 400,000 units a year for low- and moderate-income families. This is only 40 percent of the one million annual production which The National Urban Coalition called for in its August 24, 1967, Emergency Convocation. It is little more than one-third of the 1.2 million annual production called for by the National Advisory Commission on Civil Disorders (the Kerner Commission) in its report issued March 1, 1968. And it fails by one-third to meet the 600,000 annual average production called for by the Housing and Urban Development Act of 1968.

The outlook for a significant increase is unpromising unless the Congress appropriates and the Administration uses the necessary money and far greater efforts are made in communities throughout the nation by local housing and urban renewal authorities and by limited-profit and nonprofit corporations and cooperatives to build and rehabilitate more housing for low- and moderate-income families.

A.

Low-Rent Public Housing Programs

Public housing is intended for low-income families—generally speaking, from those on welfare to those earning up to $5,000 income annually.

To put decent housing within the financial reach of these families, public housing assistance can pay for the full capital costs of the housing and assist in paying some operating expenses. Only the rent supplement program can in some cases approximate this assistance.

Public housing may be considered a failure both by its occupants and by the public in general. Recent changes of law and administration, however, now give public housing a new potential for providing good housing for low-income families. This potential can be realized only through imaginative action by local public housing authorities.

Local housing authorities are not federal bodies; they are created by state laws. Within the general guidelines set by federal public housing laws and HUD's administrative regulations, local housing authorities have much room for constructive action. They, not HUD, plan projects, set income limits and rents, determine specific criteria for admission to public housing, and carry out other administrative regulations.

The Housing and Urban Development Act of 1970 indicates that no tenant should be barred from serving on a public housing board on the grounds of "conflict of interest." Previously, HUD had issued a circular encouraging such tenant involvement.

The 1970 Act also made clear that local authority funds could be used for tenant organization and the training of tenants to operate and manage housing projects. By June 30, 1971, 970,000 low-rent public housing dwelling units were occupied nationwide.

Recent HUD regulations provide all public housing tenants with procedural and substantive rights not found in private housing. These include:

1. The opportunity for an administrative hearing before an independent examiner or hearing panel on any complaint about an action of the authority or its employees.
2. The right to a permanent, rather than month to month, lease.
3. A prohibition against evictions for nonpayment of miscellaneous fees, charges, or fines.
4. The right to have rent reductions during the year if tenant income decreases.
5. The right to have an adequately maintained and repaired apartment and the right, under certain circumstances, to live rent free in the absence of adequate maintenance.
6. The right to be free from unreasonable inspection of the apartment.
7. Freedom from eviction except for good cause, such as nonpayment of rent, serious, repeated interference with the rights of others, creation of physical hazards, or over-income status.

These rights are embodied in grievance procedures and minimum requirements for leases promulgated by HUD in early 1971.

Further information about the role of tenant rights and participation in public housing management may be obtained from the National Tenants Organization, 425 - 13th Street, N.W., Suite 926, Washington, D.C. 20004. In this connection, it should be noted that leases prescribed by FHA for Section 236 housing and its predecessor programs have not yet been altered to reflect the foregoing innovations in public housing policy.

HUD provides local housing authorities with financial and technical assistance. In most cases, at least the federal financial assistance covers the full capital costs of building a public housing project. The local housing author-

ity issues tax-exempt, federally guaranteed bonds to finance these costs and then receives an annual federal contribution equal to each year's payment of principal and interest on the bonds.

Though HUD had been able to pay the full capital costs, until 1969 operating expenses (building maintenance and repair, authority staff, reserve fund, etc.) had to be covered by rents. If the authority increased its services, it had to pay for them out of current rent collections or raise rents. This resulted in a tendency to defer maintenance or to favor the admission of tenants in the higher ranges of eligible income categories who were able to pay more rent and demanded less in managerial costs and time.

In 1969 and 1970, Congress acted to remedy this. The law now allows HUD to contribute to operating expenses for two basic purposes:

(1) To provide adequate operating maintenance services to the tenants and assure adequate reserve funds for the authority. The 1970 amendments allow a whole range of social services to be considered as operating expenses (e.g., counseling on household management, budgeting, and similar matters; advice as to resources for job training and placement, education, welfare, etc.; other referral services). If this change is to be implemented, housing authorities must include these items in their budgets, and HUD must approve such budgets.

(2) To assure that no tenant pays over 25 percent of his income for rent, if operating expenses chargeable to a tenant's unit exceeds that amount, HUD's contributions—and not the tenant's—now make up the difference. This change ends the previous irony of having tenants too poor for public housing.

A widely criticized feature of the public housing law, however, is the upper limit on tenant income. In many cases, when income rises above certain levels, tenants are required to move out. They are often pushed into housing markets where they can find nothing but grossly inadequate housing at the prices they are paying for public housing. Tenants are thus forced to choose between not increasing their income and staying in public housing or increasing it and moving into inadequate housing. On the other hand, public housing in many localities has become a repository of very poor, large multiproblem families (combination projects, described on page 7, can avoid this problem).

Too often in the past, local housing authorities have built massive, unattractive projects that are clearly different in character from ordinary apartments and housing developments. As a result, in many cities public housing is referred to not by an address, but as "the project." Residence in such projects is often considered a sign of second-class citizenship. Since 1968, however, the law has prohibited construction of high-rise elevator projects for families with children unless there is no practical alternative. (The same prohibition, however, does not apply to Section 236 projects.)

Public housing developments are subject to cost limitations. Congress formerly placed dollar limitations on the cost of each room. Although HUD could utilize a more liberal figure in so-called "high-cost areas," the limitation still blocked public housing construction in many of these areas. In 1970, Congress adopted a new approach to these limitations, basing them on area prototype cost developed by HUD. In estimating the costs for these various units, HUD must consider the encouragement of good design. Public housing building cost (as distinct from land) cannot exceed the prototype cost by more than 10 percent. Early indications in some sections of the country suggest that this prototype cost may also prove to be unworkable.

Formerly, most local housing authorities themselves acted as the project developers. Amendments to legislation and administrative changes have made possible five more flexible public housing programs:

1. *Purchase of existing housing.* Local housing authorities may buy existing housing. This housing can be scattered throughout residential neighborhoods. The houses may be in good condition. If rehabilitation is necessary, however, the authority can do the work itself, or have it done by a builder or developer, and then buy the unit when the work is completed.

2. *The "turnkey" program: purchase of new housing.* Local housing authorities may also purchase new housing from private developers after it is completed. This method of buying a finished product—new or rehabilitated—is called "turnkey."

Any private developer may propose to a local housing authority to build public housing in accordance with his own plans and specifications. If the offer is appropriately priced and meets acceptable design standards, the local housing authority will contract with the developer to purchase the completed housing.

Turnkey allows private developers to participate to a greater extent in the provision of public housing. It has also expedited the planning and processing time for public housing projects.

3. *Lease of housing and turnkey leasing.* Local housing authorities may also lease new or existing housing and then sublet it to tenants. The authority pays the owner the difference between the approved market rent and the amount the tenant can pay. This program also makes it possible for low-income families to live in neighborhoods where other residents are not receiving subsidies. In effect it is a rent supplement program under another name, with the potential of producing more housing faster for lower-income occupants than the FHA rent supplement program.

This program is commonly known as the "Section 23 Program" because of its designation in the United States Housing Act.

A 1970 amendment to the Act requires that HUD fund at least 30 percent of all public housing units nationally under the leasing program. That Act also encourages the "construction for leasing" or "turnkey leasing" program. Under this innovative effort, developers construct new units and lease them to the authority, generally for 20 years, instead of selling them as under the basic turnkey program.

4. *Combination projects.* The economic segregation of public housing projects can be overcome by combining low-rent public housing and higher-rent housing developments.

For example, the local housing authority and a private developer—nonprofit, cooperative, limited-profit, or for-profit—may share an undivided interest in a housing development. Neither group owns any particular dwelling. Which units are directly subsidized and which are not is thus not apparent. And tenants can remain in their units when their incomes rise above levels permitted for public housing. The transfer from public to private status is accomplished by simple bookkeeping entries.

5. *Homeownership opportunity (Turnkey III).* Local housing authorities can now sell public housing units to tenants under the "Turnkey III" program. In essence, this allows the tenant to receive the equity built up over time spent in his unit through the federal contribution. HUD has recently determined that 10 percent of the public housing units funded in the future will be under the homeownership opportunity programs. Variations of the Turnkey III program are applicable for use with the leased housing program so that tenants may have the ultimate opportunity of homeownership. This program—known as Turnkey IV or the Los Angeles Plan—is now getting underway.

These five new alternatives make public housing potentially the most flexible of housing programs.

Several other innovative programs are worthy of note. Under the Turnkey II program, a local housing authority can contract the management of its projects to a qualified outside group, ranging from a private, profit-making management firm to a nonprofit, tenant-organized management cooperative. A 1970 amendment to the law allows local authorities to provide housing for the elderly, displaced, and handicapped in "congregate" housing facilities. Under this arrangement, individual units can be built without kitchens and meals would be taken in a central dining hall. Although the tenant has to pay for his meals, the convenience of this arrangement may prove attractive to many elderly and handicapped public housing residents.

The potential of public housing, of course, cannot be reached in localities that refuse to create a local housing authority. Nor can it be reached where the existing authority or its staff is not interested in expanding the supply of needed low-income housing, or in utilizing new techniques. This appears to be the case in many communities.

Public housing no longer requires that the community in which the housing is located have a workable program (see page 15), but the leased housing program requires approval by the local governing body of the community.

B.

The Section 236 Program—Subsidized Private Multifamily Housing

Although Section 236 dates back only to the Housing and Urban Development Act of 1968, it is not the first federal venture into subsidized private multifamily housing. Under the earlier Section 221(d)(3) program, FHA made available 3-percent direct loans to limited dividend and nonprofit apartment sponsors who in turn would charge rents to low- and moderate-income tenants reflecting that interest rate. This program, popularly known as "d-3," had achieved significant acceptance before the advent of Section 236. Approximately

94,700 dwelling units financed under Section 236 were occupied by June 30, 1971.

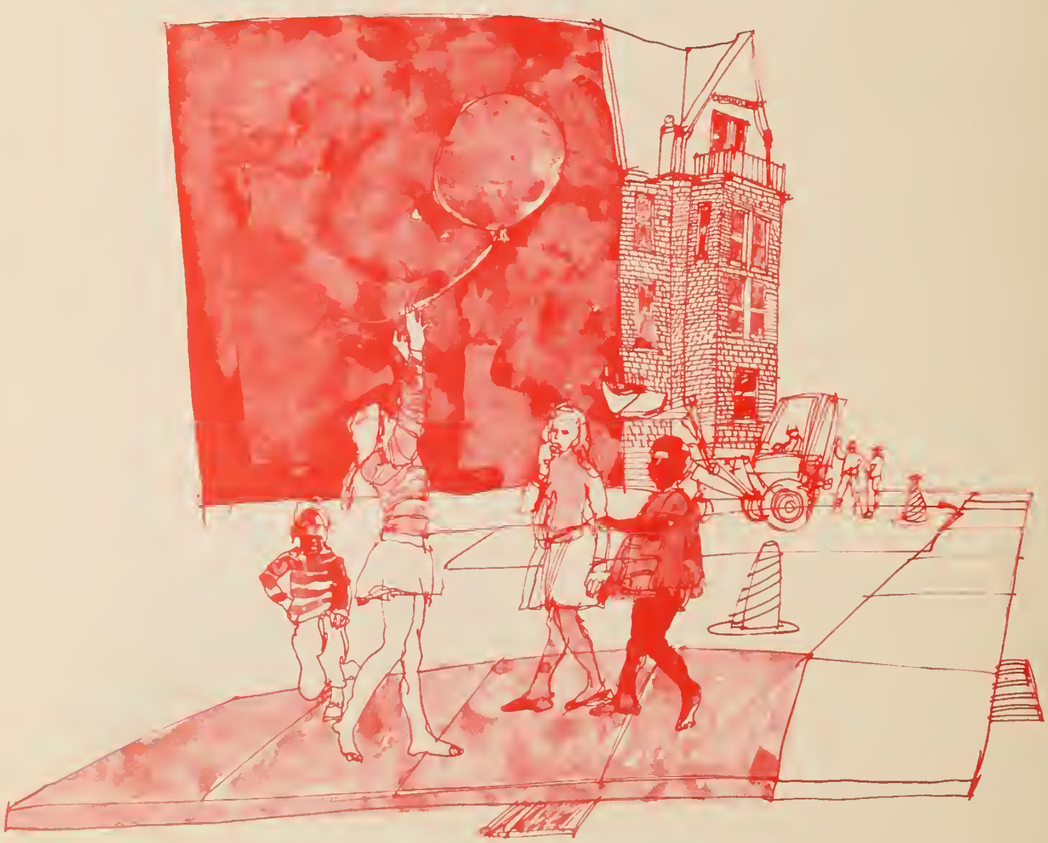
Under a former program (Section 202), HUD made the same 3-percent loans available to nonprofit, limited-dividend cooperatives or public sponsors of housing for the elderly or handicapped. There still exists a lively dispute between Congress and the Administration as to whether Section 236 was meant to replace the 221(d)(3) and 202 programs. The Administration has refused to expend funds appropriated for Section 202; nor is it utilizing its authority to make Government National Mortgage Association (GNMA or Ginny Mae) assistance funds available to Section 221(d)(3) programs. Thus, no new 221(d)(3) or 202 programs are now being approved.

HUD assistance under Section 236 comes by making monthly payments to a commercial lender to reduce the owner's interest payments from the market rate to 1 percent. The owner must pass the benefit of this interest reduction through to its lower- and moderate-income tenants in the form of reduced rents. A basic rental charge is determined for each unit on the basis of operating costs for the project with payments of principal and interest under a 1-percent interest rate mortgage. The tenant (or cooperative member) pays either the basic rental or 25 percent of his monthly income, whichever is the greater. However, a tenant's payment cannot exceed the fair market rental which would be charged if the project received no assistance.

A tenant's income must be recertified by the owner every two years and the rent charged the tenant adjusted accordingly. The interest reduction payments to the lender will not vary, but rental charges collected by the owner in excess of the basic charges must be returned to a HUD revolving fund to be used for making other interest reduction payments.

The interest reduction payments may be made in conjunction with state-assisted programs as well as FHA-insured programs.

1. *Tenant eligibility.* Occupancy in Section 236 units is generally limited to families whose incomes do not exceed 135 percent of public housing admission limits in the area. However, up to 20 percent of the Section 236 funds may be used for interest reduction payments in connection with rental units occupied during the



initial rental period by families with incomes not exceeding 90 percent of the community's old 221(d)(3) income limits. This exception is applicable during the initial rental only and will not be applied to tenants admitted after that time.

In computing family adjusted gross income, HUD excludes from the gross income (receipts from all sources before taxes or withholding of all family members living in the unit) unusual or temporary income, and deducts $300 for each minor and such minor's earnings. "Unusual or temporary income" includes discontinued overtime pay, income of a second wage earner that will be discontinued, unemployment compensation, or other income to be terminated. HUD also excludes a standard 5 percent of total gross income for social security and similar payroll deductions. The assisted family must recertify its income every two years.

2. *Eligible sponsors.* The following types of entities are eligible to be sponsors under a Section 236 program:

—Nonprofit corporations. Churches, settlement houses, labor unions, fraternal organizations, and other civic-minded groups can sponsor a nonprofit 236 housing project with 100-percent mortgage financing. Some or all of these groups, together with business interests, can also combine to create broadly based, nonprofit housing development corporations to serve as housing sponsors.

—Cooperatives. Cooperatives can develop 236 housing projects with 100-percent mortgage financing. Ownership is shared on a cooperative basis.

—Builder-sellers. Private developers can develop 236 housing and, upon completion, sell it to nonprofits or cooperatives.

—Limited-profit sponsor. A limited-profit (often referred to as a limited-dividend or limited-distribution) sponsor is permitted a 6-percent return on its 10-percent equity investment in the project. (Ninety percent of the project is mortgage financed.) The federal income tax depreciation deduction and other advantages may increase this return substantially. Many limited-profit sponsors are corporations formed by developers, builders, or real estate firms specifically to construct 236 projects.

Sponsors are screened by HUD for *motivation* (does the sponsor understand the risks and the problems of this kind of project, and have the will and the time to deal with them?); *continuity* (is the sponsor likely to remain in existence for the life of the mortgage?); *background and substance* (has the sponsor had housing or related experience, or does it have the services of experienced people?); and *financial stability* (does the sponsor have recourse to sufficient funds to withstand unexpected costs or to sustain occasional setbacks?).

3. *Eligible projects.* Eligible projects under Section 236 consist of five or more units which may be detached, semidetached, or row houses and may be located in walkup or elevator multifamily structures. Units need not be located on contiguous sites if they constitute a readily marketable real estate entity located where they can be efficiently managed. Projects must involve either new construction or substantial rehabilitation as determined by HUD.

The maximum mortgage may not exceed the lower of the following:

1. $12,500,000;
2. Ninety percent (100 percent in the case of nonprofit or cooperative mortgagors) of the FHA estimate of the replacement cost;
3. A per unit limitation (multiplied by the number of units) as follows:

Bedrooms in Unit	*Without Elevator*	*With Elevator*
0	$ 9,200.00	$10,925.00
1	12,937.50	15,525.00
2	15,525.00	18,400.00
3	19,950.00	23,000.00
4 or more	22,137.50	26,162.50

These limits may be increased up to 45 percent in high-cost areas.

4. Ninety percent (95 percent in the case of nonprofit mortgagors) of estimated net income divided by the debt service rate on a 7.5-percent loan. In other words, this test shows how large a mortgage can be supported by the project's income. It is probably the most crucial of the four tests.

Assistance given under the 236 program is much less than the payment of principal and interest costs under the public housing program. Thus, the 236 program reaches a higher income market than public housing.

With rising land, construction, operating, and maintenance costs, the rental payments must also increase, since the federal subsidy does not relate directly to these elements of cost. Recognizing the obsolete cost ceilings in these programs, Congress raised them in 1969 but refused to do so in 1970. It has not raised eligible income limits or deepened the subsidy.

Result: only those in the highest ranges of income eligibility may be able to pay enough to occupy housing on which interest costs have been reduced even to 1 percent, except for those tenants who are also beneficiaries of the rent supplement program (see page 8).

The Section 236 program can be utilized without local official approval and without the requirement that the community have a workable program (see page 14).

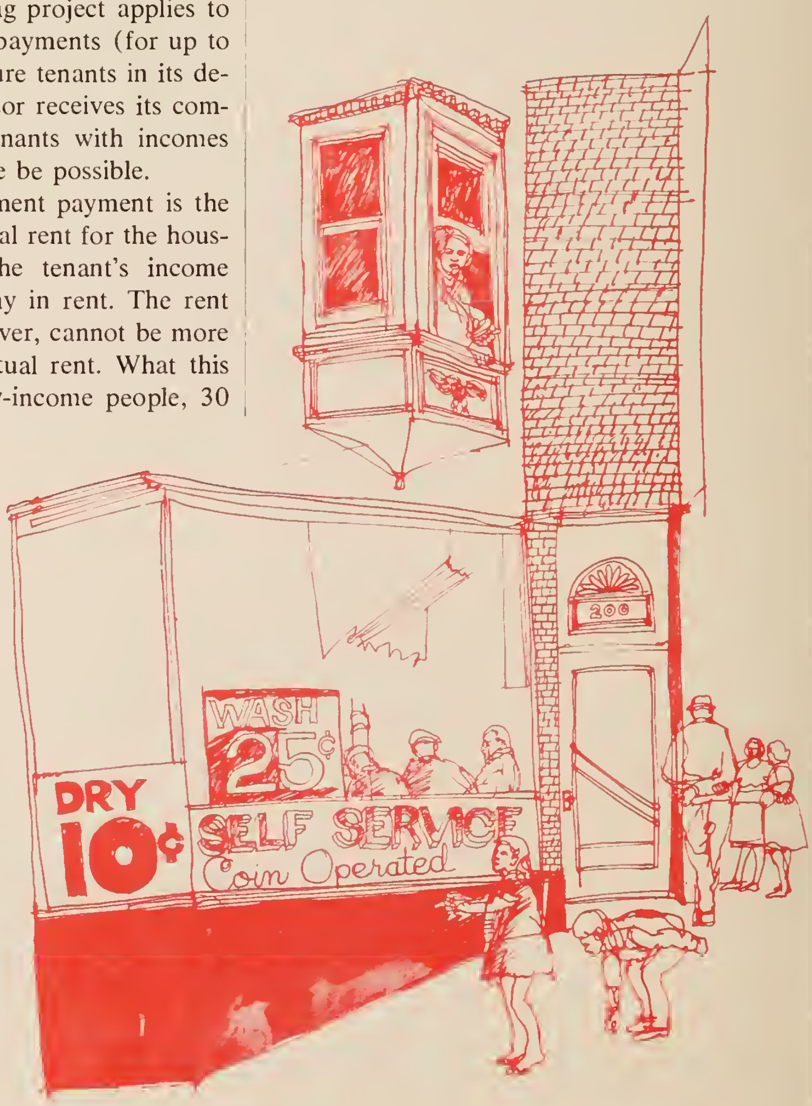
C.

Rent Supplement Program

The rent supplement program enables poor families to rent new and rehabilitated housing financed with HUD-FHA assistance. Approximately 40,000 units were occupied through the rent supplement program by June 30, 1971. Another 20,000 units are receiving payments in projects financed under other programs.

The sponsor of a housing project applies to FHA for rent supplement payments (for up to 40 years) on behalf of future tenants in its development. Once the sponsor receives its commitment, it can rent to tenants with incomes lower than would otherwise be possible.

The federal rent supplement payment is the difference between the actual rent for the housing and 25 percent of the tenant's income which he is required to pay in rent. The rent supplement payment, however, cannot be more than 70 percent of the actual rent. What this means is that for very low-income people, 30



percent of the actual rent will exceed 25 percent of their income, making them too poor to be eligible for rent supplements.

As originally contemplated, the rent supplement funds were to be used to supplement the rents on units insured under the FHA market rate 221(d)(3) program. By supplementing the rents of only some of the tenants in a development, the program was originally intended to produce apartments in which low-, middle-, and upper-income people could all be housed. Because of the restrictive rules affecting the quality of developments possible under this program, it became unlikely that nonsupplemented tenants would be attracted to the projects. Although some rent supplement projects are being built independently of other housing subsidies, most of the rent supplement money is used to supplement the rent on units in buildings constructed under the Section 236 program, as discussed on pages 7-8, or its predecessor programs, Section 221(d)(3) or Section 202.

This additional subsidy enables a lower-income group of tenants to occupy Section 236 units, for the income of a rent-supplemented family cannot exceed that of public housing eligibility in contrast to the more liberal Section 236 restrictions. Although the law permits up to 40 percent of the units in any Section 236 development to be occupied by tenants receiving rent supplement benefits, HUD generally allows only 20 percent of Section 236 units to be rent supplemented. Because HUD, on the other hand, requires that rent-supplemented units be included in many of its Section 236 projects, a high percentage of all rent supplement funds are now being used in Section 236 projects.

When a tenant's income increases, his rent increases to reflect the change in his circumstances as in the Section 236 program. The rent keeps going up as his income increases until the tenant is able to pay the market rent for his apartment. It does not increase beyond this point no matter to what extent his income increases.

For example, if a tenant earns $300 a month, he will pay 25 percent of that income, or $75 a month, for rent. If he rents an apartment that costs $125 a month, the rent supplement payment will be $50 a month. If the tenant's income goes up to $400 a month, his monthly allocation for rent will be $100 (25 percent of $400) and the rent supplement payment will be reduced to $25 a month. Were his income to rise to $500 a month, the rent supplement payment would stop altogether.

A workable program or official approval by the community in which the rent supplement project is located is required for rent supplement payments to be made. This requirement maintains the perverse symmetry under which poor people can obtain housing subsidies from the federal government only on local public approval of the subsidies (in the case of rent supplements or public housing), although the nonpoor can be assisted without such approval.

D.

Section 235 Homeownership and Cooperative Housing for Lower-Income Families

Section 235, added to the National Housing Act in 1968, is the single-family homeownership counterpart of Section 236. Approximately 221,400 dwelling units financed under Section 235 were occupied by June 30, 1971.

The assistance is similar in form to that of the Section 236 interest reduction payments; it also can lower the interest rate paid by the moderate-income buyer to as low as 1 percent.

Unlike other FHA low- and moderate-income housing programs—rent supplement, 221(d)(3), 236—this program is open to private developers who are not limited-profit sponsors.

The developer's commercial mortgage lender receives an FHA commitment to insure the market-interest-rate mortgage of a moderate-income buyer of the Section 235 house. The mortgage can be nearly 100 percent of the value of the property. The buyer generally need make only a $200 down payment which can be used to pay closing costs.

At the same time, the commercial lender receives an FHA commitment to receive mortgage assistance payments for the term of the mortgage. The payments are equal to the difference between the market-interest-rate mortgage payments (including principal, interest, taxes, and insurance) and 20 percent of the buyer's income. The mortgage assistance payments cannot exceed an amount which would reduce the interest on the mortgage paid by the buyer to less than 1 percent. The amount paid by the homeowner is adjusted periodically to reflect changes in his income. Upper income limits on the 235 program are the same as those of the 236 program.

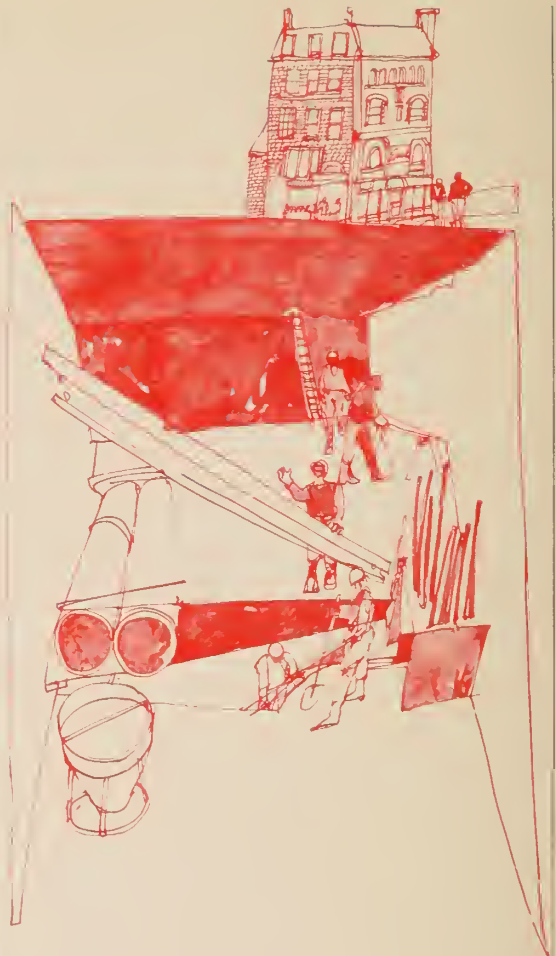
However, since homeowners who personally carry a mortgage must have a higher credit rating than renters, the 235 program, generally

speaking, probably will benefit people of higher incomes than the 236 rental program.

The Act does, however, create a special FHA insurance risk fund to cover the higher risk of selling houses to lower-income families. The fund also will insure risky 236 rental projects.

Normally, the Section 235 mortgage is limited to $18,000 for a unit up to three bedrooms. For a unit of four bedrooms or more for families of five or larger, this limitation is $21,000. In areas designated by HUD as "high cost," these limits can be increased to $21,000 and $24,000 respectively.

The Section 235 program was designed to encourage new housing. However, Congress provided that up to 30 percent of the units could be existing units, although HUD had attempted to limit the amount of existing dwellings to about 10 percent. After disclosures by the House Banking and Currency Committee of irregularities in the sale of some existing housing, HUD announced in early 1971 it was temporarily halting that phase of the program.



E.

Section 221(h) and Section 235(j) Homeownership Assistance for Purchase and Resale of Housing to Lower-Income Families

In 1966, Congress enacted the Section 221(h) program which authorized nonprofit sponsors to purchase, rehabilitate, and sell houses to moderate-income families.

These houses are sold to families at a 3-percent interest rate, financed in the same way that 221(d)(3) houses were financed with the federal government take-out. Buyers need only pay $200 down, which can be used to pay closing costs.

In 1968, Congress extended the 221(h) program. However, the program has not been very active since that time because of the shift away from direct federal lending. In addition, Congress authorized a new 235(j) program which utilizes the new mortgage assistance payment method of financing.

The current program enables public bodies and agencies (such as a local housing authority) as well as private nonprofit organizations, to purchase, rehabilitate, and market housing to lower-income families by use of an FHA-insured project mortgage.

Under both the 221(h) and 235(j) programs, the interest rate can now be lowered to 1 percent. The principal differences between

the sections are the method of financing and the income limits.

Under Section 235(j), the nonprofit sponsor's commercial mortgage lender receives an FHA commitment to insure its market-interest-rate mortgage. At the same time, the commercial lender receives a commitment to receive mortgage assistance payments from the FHA for the term of the mortgage. As in Section 235 mortgages, mortgage assistance payments are the difference between 20 percent of the homeowner's income and his mortgage payments (including principal, interest, taxes, and insurance). The payment cannot exceed an amount which would reduce the interest rate on the mortgage paid by the homeowner to less than 1 percent.

The 235(j) income limits are identical to the 235 and 236 income limits previously discussed.

The nonprofit sponsor must work on a project basis with four or more units of housing. Multifamily housing can be purchased.

Under Section 235(j), but not under 221 (h), not all houses need to be rehabilitated. Existing houses not needing rehabilitation may be purchased by the nonprofit sponsor and resold to moderate-income families as well.

Under both programs the housing must be in neighborhoods which are viable or are potentially viable.

Cooperatives, limited-dividend cooperations, and private developers are not eligible to use Section 221(h) and Section 235(j).

No workable program is required (see pages 14-15).

F.

Section 115 Rehabilitation Grants and Section 312 Direct Rehabilitation Loans

Section 115 rehabilitation grants are for the repair and improvement of owner-occupied houses of eligible families to bring the housing up to urban renewal plan requirements, to standards defined by the local housing code in a code-enforcement area, or to insurance standards under the FAIR program (see below). The grants are also available in areas where future public action, such as rehabilitation or code enforcement, is planned. Grants of up to $3,500 to qualified low-income owner occupants are authorized.

A Section 115 grant may not exceed the actual cost of the repairs and improvements, if the homeowner's annual income is $3,000 or less. If the homeowner's annual income is over $3,000, the grant pays the difference between the total cost of repairs and improvements and the portion that can be financed with a Section 312 loan (see below) that can be amortized so that the homeowner's entire housing expense does not exceed 25 percent of his income.

Section 312 authorizes direct federal loans at 3-percent interest to owners of residential and business property in urban renewal areas, concentrated code-enforcement areas, and areas certified by the local governing bodies for subsequent public improvements including rehabilitation or concentrated code enforcement, or in instances where the improvements are required to make the property insurable under the FAIR program. Until 1969, Section 312 loans were exclusively for low- and moderate-income families. Although the law then removed that restriction, it assigned priority to applications for loans by families of low and moderate income. As of August 31, 1970, there were over 15,000 mortgages totaling over $97 million written covering over 25,000 dwelling units. The approximate program level for 1971 is about $50 million.

Section 115 grants and 312 loans are made by local urban renewal agencies or through a private, nonprofit group designated by an agency. Urban renewal agencies can also operate directly in rehabilitating housing in urban renewal areas. The community is required to have a workable program (see pages 14-15).

Under a little-known program (called the "certified area" program) these rehabilitation grants and loans are available in areas planned for urban renewal or concentrated code enforcement within a three-year period. This might help overcome one of the major drawbacks of conventional urban renewal operations if used in areas already under project planning by providing assistance for sorely needed rehabilitation during the planning period.

G.

The FAIR Program and Crime Insurance

A Fair Access to Insurance Requirements Plan (the FAIR program) was established by the 1968 Act. Reinsurance is made available in those states where there is in effect a statewide plan providing a fair-access-to-insurance requirement (usually called a "FAIR" plan).

Under FAIR plans property insurers in a

state join together in a pooling arrangement and agree to provide property insurance without regard to the location of the risk. The state sets up a supervised procedure of property inspection aimed at the identification of the specific physical hazards to be removed in order to make the property insurable. To cover the repair costs incurred in qualifying the property as meeting "reasonable underwriting standards," the Section 115 rehabilitation grant program and the Section 312 rehabilitation loan program were amended to allow for rehabilitation grants and loans in an area covered by a FAIR plan. The reinsurance is also applicable to damage resulting from riots and civil disorders.

As of February, 1971, there were 28 jurisdictions participating in the program to make basic property insurance—fire and extended coverage—more readily available in urban areas.

The Housing and Urban Development Act of 1970 added a direct federal program of crime insurance against burglary, theft, robbery, and similar risks. If by August 1, 1971, a state has not developed a satisfactory plan to provide such insurance at an affordable rate, HUD is authorized to do so.

The program is intended to assist those who cannot purchase this essential insurance protection from private sources.

H.

Market-Rate FHA Mortgage Insurance Programs

All of the housing programs described above are programs in which there is federal financial assistance to reduce financing costs so that low- and moderate-income families can afford the housing. In addition to these programs, there are a number of FHA mortgage insurance programs which insure market-rate mortgages without additional financial assistance. These include:

1. Regular FHA home mortgage insurance—Section 203.
2. Home loan insurance for low- and moderate-income families—Section 221(d)(2).
3. Home mortgage insurance for servicemen—Section 222.
4. Regular FHA rental housing mortgage insurance—Section 207.
5. Market-rate mortgage insurance for moderate-income families—Section 221(d)(3).
6. Mortgage insurance for rental housing for the elderly—Section 231.
7. Cooperative housing mortgage insurance—Section 213.
8. Condominium mortgage insurance—Section 234.
9. Mortgage insurance for new and rehabilitated housing in urban renewal areas—Section 220.
10. Home improvement loan insurance—Section 220(h) and Section 203(k).
11. Mortgage insurance for nursing homes—Section 232.
12. Mortgage insurance for land development—Title X.
13. Nonprofit hospital mortgage insurance—Title XV.
14. Seasonal homes mortgage insurance—Section 203(m).
15. Group practice facilities mortgage insurance—Title XI.

Congress, in the Emergency Home Finance Act of 1970, added a new Section 243 to the FHA numerology. Basically, this section provided for government subsidized loans down to 7 percent for middle-income families. Whatever need there may have been for the program when the Act was passed in July, 1970, with interest rates hovering around 9 percent, the statute soon became obsolete with the fall of the interest rates down virtually to the 7-percent level.

I.

Workable Program for Community Improvement Requirement

The Housing Act of 1954 prohibited federal aid for future urban renewal or low-rent public housing projects unless the locality had first prepared its own "workable program," or plan of action, for meeting its overall problems of slums, blight, and community development with the view that federal aid should only go to communities that help themselves.

The four essential elements of a workable program (recertified every two years) are:

(1) adoption of up-to-date housing and building codes and the development of an effective enforcement program in areas of priority need for enforcement;
(2) development of a local planning and programming process;
(3) local efforts to expand the supply of housing for low- and moderate-income families and the development of a coordinated relocation system; and

(4) development of specific plans for achieving effective citizen participation in planning and developing HUD-assisted programs.

There is much theoretical justification for the workable program requirement. In practice, however, it allowed those communities not wanting public housing to block it by simply refusing to adopt a workable program. Congress in 1968 decided not to make the workable program a prerequisite for the new Section 235 and 236 programs and in 1969, Congress dropped the requirement for public housing and the Section 221(d)(3) program.

However, a workable program still is a prerequisite for federal aid to:

—Rent supplements (unless there has been local official approval of the program);

—Section 115 grants and Section 312 loans for rehabilitation;

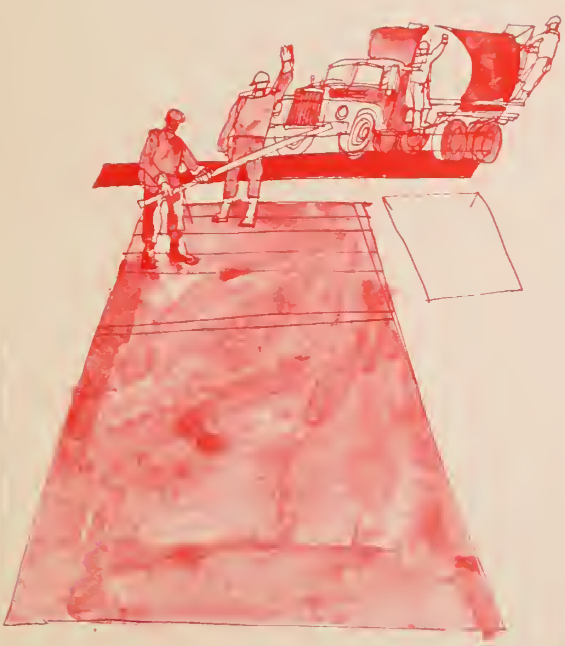
—FHA Section 220 mortgage insurance for housing construction or improvement in urban renewal areas;

—Urban renewal loans and grants, in conventional form or as an NDP (neighborhood development program);

—Code enforcement programs;

—Demolition grant programs;

—Interim assistance for blighted areas.



J.

Assistance to Housing Sponsors and Developers

Federal housing assistance programs rely heavily on nonprofit corporations and cooperatives sponsored by churches, settlement houses, labor unions, and similar groups as sponsors of low- and moderate-income housing.

As landlords or cooperative owners, these groups are likely to follow enlightened management policies although the leases in FHA subsidized rental housing still favor the landlord. As sellers, they are likely to help low-income buyers adjust to homeownership. And the social dedication of many nonprofit corporations and cooperatives motivates them to undertake the risky, tedious, and difficult task of building or rehabilitating housing in inner core or in "gray areas," which many private developers will not enter.

Experience has shown, however, that too many nonprofit groups and cooperatives are long on social dedication but short on money and skills. Thus, the difference between good intentions and housing in place is often made by technical assistance and "seed money" to

nonprofit and cooperative corporations.

Congress directed HUD to provide information, advice, and technical assistance to nonprofit housing organizations. A 1970 amendment broadened this provision to include public bodies and cooperatives as the beneficiaries. In addition, it authorized HUD to make 80-percent, interest-free loans to nonprofit and cooperative corporations from a newly created revolving fund. The loans cover certain preconstruction costs of undertaking federally assisted housing programs.

Loans under the program are normally repaid when the project is permanently financed, but the Secretary of HUD can cancel any part of a loan which cannot be recovered from the proceeds of the permanent financing.

Although Congress in 1970 showed formal interest in the field by creating a new position of Assistant to the HUD Secretary in specific charge of providing information and advice to nonprofit sponsors, this concern has yet to be matched with funding. Congress has appropriated little money to finance the programs discussed above. Further, there exists on the statutes a government-chartered, nonprofit private corporation known as the National Homeownership Foundation to carry out a continuing program of encouraging private and public organizations at all levels to provide increased homeownership and housing opportunities in urban and rural areas for low- and moderate-income families. Created in 1967, this foundation has yet to receive an appropriation.

Further information on nonprofit housing may be obtained from The National Urban Coalition's affiliate, the Nonprofit Housing Center, 1717 Massachusetts Avenue, N.W., Washington, D.C. 20036.

K.

Federal Taxes on Low- and Moderate-Income Housing Investments

Real estate has traditionally been viewed by high-bracket taxpayers and others as a good investment because of the unique opportunity, with a relatively modest cash outlay, to "shelter" (i.e., avoid or defer taxation on) substantial sums of income. This results in large part from the investor's right to depreciate at accelerated rates his entire pro rata share of the project, including that part financed by the mortgage.

The Tax Reform Act of 1969 made a number of significant changes in the Internal Revenue Code of 1954. Many of these were intended to divert investment somewhat from commercial and industrial real estate and to stimulate the development of new residential rental projects in general and certain federally assisted low- and moderate-income projects in particular. Rehabilitation of substandard properties for rental to "low-income" persons is also strongly encouraged. The primary changes in the tax laws enacted to promote this redirection of effort are as follows:

1. *Accelerated depreciation.* Owners of all new residential rental properties continue to be entitled to use the most rapid methods of depreciation ("200 percent declining balance" and "sum-of-the-years-digits"), whereas owners of other new construction (commercial and industrial) are now limited to less rapid methods (not more than the 150 percent declining balance) of depreciation. Purchasers

of used structures must now use ordinary or "straight-line" depreciation, except for purchasers of used residential rental properties that have a useful life of 20 years or more, who can use a somewhat accelerated method (125 percent declining balance) of depreciation.

2. *Five-year write-off for rehabilitation.* A new five-year "write-off" has been provided for the expenses of rehabilitating an existing building for low-income rental housing. Such expenses, up to a maximum of $15,000 per unit, may be depreciated on an ordinary or "straight-line" basis over a five-year period without any salvage value. The cost of acquiring the building may not be depreciated at the five-year rate (but may be depreciated in the normal manner). To be eligible for this fast "write-off," the taxpayer must expend a minimum of $3,000 for rehabilitation within not more than two years and must rent or hold the property for rental to families and individuals of "low or moderate income" as that phrase is defined by the tax regulations. This is not a HUD program and is controlled entirely by the provisions of the Internal Revenue Code and applicable IRS regulations.

3. *New recapture rules.* The rules regarding the taxation of gain resulting from depreciation in excess of ordinary or "straight-line" depreciation upon the sale of real property were substantially changed. Prior to the Tax Reform Act of 1969, all such gain was "recaptured" at ordinary income tax rates if the property was held for 20 months or less. Thereafter, the recapture percentage phased out at 1 percent per month, so that if the property was held for 10 years or more, all profit would be taxed only at capital gains rates. Now this privilege is reserved only for property constructed or acquired before January 1, 1975, under the HUD

221(d)(3) or 236 programs, or financed or assisted by direct loan or tax abatement under similar provisions of state or local laws. Other residential properties must now be held for 16 years, eight months before recaptured excess depreciation will be taxed entirely at capital gains rates; and for nonresidential property that tax benefit has been abolished entirely. It should be noted that the 16 year, eight month rule—and not the 10 year rule—applies upon the sale of rehabilitated property with respect to which the fast five-year write-off described above has been claimed.

4. *Tax-free "roll-over."* The Tax Reform Act of 1969 permits the "roll-over," i.e., deferral of tax on the gain from the sale of a Section 221(d)(3) or Section 236 project (but not a comparable state or locally assisted project) if the sale is an "approved disposition" — a sale to the tenants or a tenant organization — and the proceeds of the sale are reinvested within a specified period in another Section 221(d)(3) or Section 236 project.

Numerous other provisions of the Internal Revenue Code were changed by this Act and many, such as the new 10-percent tax on tax preference income, may directly affect an investment in low- and moderate-income housing. The prudent investor should consult his tax advisor before making a commitment.

L.

The National Housing Partnership

In the 1968 Housing and Urban Development Act, Congress declared that the government should "encourage the widest possible participation by private enterprise in the provision of housing for low- or moderate-income families." Congress also noted the need for one or more adequately capitalized firms operating on a nationwide basis to apply the skills of large-scale business to the purpose of producing low- and moderate-income housing in substantial volume. The Act thus authorized creation of "one or more private organizations . . . to encourage maximum participation by private investors in programs and projects to provide low- and moderate-income housing."

The first such venture to be formed consists of the National Housing Partnership (NHP), a limited partnership, and the National Corporation for Housing Partnerships (NCHP), a corporation which acts as the general partner of NHP. In 1970, $42 million of equity capital was invested in the venture by 268 business corporations, labor organizations, financial institutions, and similar organizations. Neither NHP nor NCHP is an agency of the government, and both are subject to all of the laws, regulations, and taxes generally applicable to private corporations and limited partnerships.

The bulk of the venture's capital will be employed in organizing and investing in local limited partnerships formed to construct or rehabilitate low- and moderate-income housing. It may also engage in related activities, including research, loans, grants, and technical assistance. The local limited partnerships will be organized primarily to develop Section 236 and similar federally subsidized multifamily rental projects. Other federal programs of interest to the venture are the Section 221(d)(4) program, the public housing leasing program and, to some extent, the Section 235 program. Rehabilitation as well as new construction will be undertaken, and participation in state and local programs for low- and moderate-income housing is possible.

The principal return promised by the venture to its investors is tax benefits; i.e., the tax losses generated by the development of multifamily low- and moderate-income rental housing projects. (See Federal Taxes on page 16.)

The tax losses are generated at the level of the local limited partnerships but the law allows them to be passed back through the National Housing Partnership to its limited partners. To participate in these losses, NHP is permitted by the Act to own up to 25 percent of the equity of a local limited partnership, and it may own more if the balance of the required investment is not readily obtainable from other responsible local investors. To implement its program, NHP has announced the following basic patterns for its participation in local limited partnerships and has labeled them for easy reference:

1. *Mark I.* The simple purchase of a 25-percent equity interest in a local limited partnership, normally before the start of construction. A local developer, who will serve as general partner, will normally have acquired the land, planned the project, and advanced the necessary seed money; he will also carry the project through to final completion and will be responsible for its management, subject to certain requirements of NHP related to fair employment practices, quality of management, and fiscal responsibility. NHP's role is that of a passive investor.

2. *Mark IA.* The same as Mark I, except

that NHP will acquire more than 25 percent (up to 95 percent, if necessary) of the equity interest in a local limited partnership, and will seek to resell to local investors or others the amount in excess of 25 percent. This approach will assist local developers in realizing their investment in a project at an early stage.

3. *Mark II.* NHP will provide necessary seed money to a local developer during the early stages of development. This money will be advanced as a secured loan, and, in addition, NHP will have an option to purchase an agreed percentage of the equity in the local partnership just prior to the start of construction.

4. *Mark III.* NHP will coventure, on a 50-50 basis, the entire project with a local developer. This includes front money for land acquisition, architectural and legal fees, etc.; staff assistance in planning and supervising the project and processing the necessary FHA papers; and full participation and assistance in all other activities necessary to bring the project to fruition. Prior to the start of construction, NHP will seek to resell its equity interest in excess of 25 percent to local investors or others.

5. *Mark IIIA.* The same as Mark III, except that NHP will initially participate in a percentage greater than 50 percent but not in excess of 95 percent.

6. *Mark IV.* In limited circumstances, NHP will undertake the development of a project entirely on its own, acquiring the land, investing all the front money, and performing all other functions necessary to complete the project. It may or may not retain management responsibility upon completion. In any event it will seek to involve local investors, prior to the start of construction if possible, in a local limited partnership and to dispose of the equity in excess of 25 percent to them.

NHP and NCHP are prepared to work with both private developers and nonprofit or other community organizations to achieve their goal of approximately 110,000 new housing units during the next five years.

For further information, write to National Corporation for Housing Partnerships, 1133-15th Street, N.W., Washington, D.C. 20005.

M.

Bonding and Housing

One of the prime inhibitions to minority contractor participation in federal housing programs (and virtually all other construction programs) is the inability to secure necessary bonding. Congress addressed this problem in the 1970 HUD Act by establishing a program of surety bond guarantees to be administered by the Small Business Administration. Under the program, SBA may guarantee up to 90 percent of a bid, payment, or performance bond in an amount up to $500,000. The principal on the bond must be a small business concern which needs the bond to bid or serve on a job and is unable to get it elsewhere on reasonable terms. SBA must find a "reasonable expectation" that the principal can perform his contractual obligations. The practical application of this requirement will determine whether this new program really translates into bonds for those previously unable to obtain them.

SBA may set reasonable fees for both the bond guarantee and the processing of guarantee applications.

Further information on minority contractor bonding is available from The National Urban Coalition's affiliate, the Minority Contractors Assistance Project, 1211 Connecticut Avenue, N.W., Washington, D.C. 20036.

N.

Management of Subsidized Housing

Both HUD and Congress are increasingly concerned about the challenging problem of managing low- and moderate-income housing. In the case of public housing, over 30 years of experience has produced no real solutions to unique management problems. In the case of Section 236 dwellings, quantifiable management problems are now being experienced as the first tenants are just moving into the new units. Concern is mounting that steps must be taken now if Section 236 projects are not to mirror the public housing experience, particularly with respect to the security of apartments and the prevention of vandalism.

In its November, 1969 reorganization, HUD unified all management functions under the Assistant Secretary for Renewal and Housing Management, regardless of whether the programs were federally subsidized or guaranteed under an FHA program or subsidized under the public housing program. The Assistant Secretary also had to devote equal attention to his other responsibility — the urban renewal program. In its reorganization of January, 1971, HUD established an Assistant Secretary who would devote himself exclusively to hous-

ing management problems.

In the HUD Act of 1970, Congress included several provisions reflecting its concern with the management problem. It added an amendment to its Section 106 technical assistance program to allow HUD to make grants to public or private organizations to provide tenants in any federally subsidized low- or moderate-income project with counseling on household management, self-help, budgeting and money management, child care and related services. In addition, Congress provided that HUD could make matching grants to states to support training of personnel, especially those of low income, in those skills needed to manage low- and moderate-income property, and for research and the dissemination of information with respect to problems involved in the management of such housing. As discussed below, Congress in 1970 also amended the United States Housing Act to provide that a local housing authority could use its operating fund to upgrade its management services and to provide training in tenant management.

As yet these administrative and legislative changes are structural and technical in nature. They should not be mistaken for actual improvements in housing management, since they lack the financial resources to put them into practice.

O.

"Operation Breakthrough"

"Operation Breakthrough" was intended to introduce innovations in construction technology, site preparation and land uses, financing, management, and production techniques in the housing field. It was to aim first at aggregating housing markets; that is, to overcome the fragmentation of the housing market by eliminating such constraints as conflicting and restrictive zoning and building regulations and by encouraging labor agreements receptive to these objectives.

Eight sites were selected on which approximately 2,800 prototype units of 22 new "housing systems" are to be constructed in numbers large enough to test their acceptability to consumers of housing. By the end of 1970, construction had begun on each site and most sites were scheduled to be completed by the end of 1971.

If Breakthrough is to expand from the research and demonstration stage, volume markets must be opened up for housing system producers. "Market aggregation" implies that more highly capitalized industrialized producers will be attracted to producing for a demand sufficient to amortize investment in plant or equipment in a reasonable time. Few entrepreneurs interested in supplying subsidized housing on a volume (but "scattered-site") basis will want to deal with hundreds of different codes and local housing authorities or FHA sponsors. Consequently, the efforts to overcome local zoning constraints have production as well as civil rights implications.

Producers who have submitted Breakthrough proposals are to provide plans for "testing procedures for innovative features not meeting normal code requirements, which can provide assurance that these features . . . meet proper performance criteria." HUD will move to obtain code waivers or variances in order to allow for the use of "proven" innovative systems. Systems selected by HUD for full-scale production will thus have been certified for use nationally or regionally. In addition to such certification, HUD has guaranteed that priority will be given to housing and environmental system program funds in order to support Breakthrough projects. Special Section 235 or 236 funds are "earmarked" for housing developments using Operation Breakthrough systems.

Several housing systems are in volume production and seeking housing development opportunities.

P.

Local Discrimination Against Subsidized Housing

An increasing proportion of our population will have to be housed in various forms of multifamily patterns. In addition, to meet established housing goals the federal government will be subsidizing a significant portion of total housing starts. These units will be primarily for low- and moderate-income people. Much of this housing will also be multifamily units. Federal tax treatment of low- and moderate-income rental property, described on page 16, strengthens this trend.

By contrast, local residential land-use controls, particularly in the growing sector of urban areas, are designed primarily to favor single-family detached housing as the dominant form of residential land use and to preclude land uses that are regarded as negatively affecting the property tax base ("fiscal zoning"). Residen-

tial uses may even be limited altogether in favor of industrial zoning. Concern has mounted over the abuse of local land-use and building controls which exclude people from communities on economic and racial grounds.

In the past two years state and federal courts have begun to spell out principles by which these abuses may be attacked, particularly to promote federally assisted housing. Such abuses may take various forms: discriminatory refusals to rezone for multifamily use (or the discriminatory change of appropriate zoning), minimum building size requirements, restrictions on the number of allowable bedrooms, excessive lot-width requirements, and others.

Federal law, until 1969, required local governing body (city council) approval of all subsidized housing, including moderate-income projects. With the removal of this requirement, Section 235 and 236 housing has been proposed in many localities that (unlike central cities and small towns which have had public housing) have never accepted subsidized housing.

In a number of cases federal courts have set aside local regulations that were intended to, or had the effect of, discriminating against proposed low- and moderate-income housing developments. Such developments would have increased housing opportunities for racial minorities. Some observers believe that the courts in these cases are fashioning an important rule of law: that a locality has an affirmative duty to make adequate provision for the housing needs of racial minorities; and that this rule applies with greater force where such persons are being displaced by public action. Racial motives may not be overtly evident in many cases of discrimination against subsidized housing. But since every subsidized development is potentially open to minority citizens, the exclusion of such housing has a racial *impact*—and it is this impact which is legally significant.

Some state courts also give scrutiny to excessive lot-size requirements and local failure to zone for any multiple dwellings in the light of evidence that housing needs of a region are being frustrated by such requirements. Since the local power to control land is premised on the "police" power to provide for the health, safety, and general welfare, the question may be asked: Is it not the general welfare of the region (or the state) rather than simply the locality that is the basis of this power?

The United States Supreme Court, divided 5-3, recently ruled (*James v. Valtierra*) that California's mandatory public housing referendum law was not unconstitutional. Because of its apparent relationship to local exclusion of subsidized housing, it is essential that sponsors and others recognize what this case did *not* decide.

The Supreme Court specifically decided that the mandatory referendum on public housing required by California law does not single out persons advocating low-income housing for procedural burdens which no other group in California must face in seeking to influence public decisions. In other words, the poor are not so uniquely disadvantaged by California law as to have been denied equal protection. Many experts believe the Court's legal conclusion was erroneous. But that is clearly the Court's holding, and it was clearly influenced by the peculiarities of California law and history.

The *Valtierra* opinion was concerned only with a challenge to a state law on its face, a law that dealt with political procedures for allocating local decision-making power in making local public policy. The decision has established that such a procedure is not constitutionally challengeable, *on its face and without consideration of its motive or its impact in particular localities* or without some showing that the procedure itself rests on racial distinctions. The majority, by repeatedly referring to the case as an attack on a "procedure," or a "lawmaking procedure," or a "governmental structure"—and not as an attack on a denial of housing opportunities to the poor—emphasizes this critical distinction between process and result.

Accordingly the *manner* in which a locality makes decisions that may deprive the poor of their rights is constitutionally irrelevant. In other words, the issue remains: Are there actions which a governmental jurisdiction *must* take, or previous official acts it *must* reverse, regardless of whom within the jurisdiction—mayor, council, zoning board, or electorate—makes decisions?

The decision tells us, then, that whatever may be the basic underlying rights of the poor with respect to access to decent housing, the mere submission of such an issue to the electorate does not deprive them of those rights without an examination of surrounding facts in regard to their needs and the housing policy of the locality. Of course, in situations where race is explicitly involved in the submission of issues to the electorate, such a referendum on its face does have a

stigmatizing impact which impairs the rights of racial minorities without regard to the substantive injury to the rights of such a minority. Therefore, in brief, the *Valtierra* decision may say nothing more than that a referendum requirement that does single out the interests of a group other than a racial minority does not on its face "add insult to injury" — that is, deny equal protection of the law.

The decision, moreover, is also limited in other ways. First, it deals only with public housing, where the locality exercises affirmative entrepreneurial efforts to produce low-income housing. Footnote 4 of the Court's opinion indicates that a major premise for the result is the assumed cost to the local community of public housing (which is not on the tax rolls), assumptions that do not apply to moderate-income housing which is taxed as any other privately owned and managed property.

Second, in the light of California history — the law in question dated back to 1950 when the nonwhite occupancy in public housing was much lower than today and when federal civil rights policy was nonexistent in housing — the question remains open as to whether *new* laws similar to California's would be immune from challenge, given the racial climate and federal policy now applicable to subsidized housing. Nor does this opinion shut off challenges to *specific* referendums — under either old or new laws — in factual situations where the discrimination against minorities and the poor can be shown in the motivation or the effect on a particular occasion.

And, as has been generally observed, where local exclusionary policy is motivated to deny, or acts in effect to deny, decent housing for racial minorities, the equal protection clause is as potent as ever in overcoming such constraints.

In June, 1971, the President issued a major statement of federal policy on this subject. While the statement claimed that federal power to affect local land-use controls was quite limited, it did interpret the "affirmative action" mandate of the 1968 Fair Housing Act to require that HUD should include, among the various criteria by which housing assistance applications are judged, "the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination."

To implement this aspect of the President's statement, HUD has announced nondiscriminatory location criteria under which a proposed housing project (including Section 235 and 236 housing) will be rated "superior" if it is outside an area of minority concentration. A proposal can earn a "superior" or "adequate" rating if it is inside such an area only if it is either part of a major new development (new community or urban renewal) which will be racially inclusive or if it responds to overriding need which cannot be feasibly met any other way. If a project does not rate at least "adequate" on the nondiscriminatory location criteria it will be disapproved. As a general proposition, "all other factors being equal," projects outside areas of minority concentrations will be preferred.

These areas may evoke the greatest local discriminatory opposition to such projects, and it remains to be seen whether sponsors will receive federal assistance in overcoming such opposition. In addition, the vagueness of the new criteria may cause further delays in the processing of housing project applications by private and public sponsors.

Q.

Savings and Loan Association Service Corporations

Federally chartered savings and loan associations may invest in "service corporations" which can serve not only as profitable entrepreneurial ventures but can also contribute substantially to the supply of low- and moderate-income housing.

Service corporations organized by savings and loan associations may engage in a number of activities, including investment in the National Corporation for Housing Partnerships; acquiring, developing, and managing unimproved real estate for housing construction or improved real estate for sale or rental.

Such investments were first authorized by Congress in the Housing Act of 1964, but because of restrictive regulations of the Federal Home Loan Bank Board, little activity was generated. Under new regulations issued by the Board in 1970, however, a large number of service corporations are anticipated. The Board favors corporations whose activities are closely related to the savings and loan business, and particularly to housing. In general, the maximum amount an association may invest in a service corporation is 1 percent of its assets.

Further information on service corporations may be obtained from the United States Savings and Loan League, 111 East Wacker Drive, Chicago, Illinois 60601.

A.

Model Cities

The model cities program is designed to help selected cities plan, administer, and carry out comprehensive and coordinated physical and social programs to improve the environment and the general welfare of people living in slums and blighted areas. The program seeks to bring about the most effective and economical coordination of federal, state, local, and private efforts.

The model cities program is intended to be an experimental, innovative program, calling on localities to evolve imaginative local ways to meet their most pressing local needs. It concentrates resources in planning, in housing construction and rehabilitation, in job training, health, welfare, and educational programs, all to improve conditions of life in substandard neighborhoods and contribute to the healthy growth of the entire city.

Federal assistance to carry out a local model cities program can come from a variety of agencies. If there is a job training and employment component, it might be financed by a Labor Department grant; if the program includes the upgrading of schools, that portion might be financed by a Department of Health, Education and Welfare grant; and so on. Urban renewal is a major element of all model cities programs, and special "add on" funds for urban renewal projects in model cities areas have been provided by Congress. These various federal grants are made under the normal regulations and procedures of the agencies involved.

In addition, two forms of assistance come directly from federal model cities funds:

1. *Planning grants.* These are made to applicant cities when HUD has determined that they have the administrative machinery to coordinate all of the related activities of local agencies. Once awarded a planning grant, each city must submit a five-year plan for the model cities area and, as its initial phase, a first-year action program.

2. *Supplemental grants.* These are the "bonus" grants of the model cities program, and can amount to as much as 80 percent of the non-federal share of all activities involving other federal grants. For example, if the program involved a $1.2 million urban renewal project, the normal federal share, paid through urban renewal funds, might be $800,000. The supplemental model cities grant might be 80 percent of the $400,000 non-federal share of the project, or $320,000. If the city later wanted to shift the supplemental grant to another portion of the model cities program, it could do so. The supplemental grants, while computed on a project-by-project basis, are block grants which the city can use for any purpose covered by its model cities plan.

In 1969, Congress required that 10 percent of any appropriations for the program be used in cities under 100,000 without regard to the 80-percent formula.

Widespread citizen participation is a basic model cities requirement. Cities are required to work closely with neighborhood residents in the formulation and execution of model cities plans. The plans should be responsive to residents' needs and recognize their competence as individuals and citizens. Typically, each participating city will have a citizens program planning board or committee for the target neighborhood or neighborhoods, as well as an overall policy and decision-making board or committee with substantial neighborhood representation. This board or committee supervises the model cities administrative unit.

HUD has emphasized, however, that the elected officials of the locality are the ultimate arbiters of local policy and has recently described the program as centered upon the mayor's office, with a continued requirement for adequate citizen involvement.

A workable program is not formally required for a model cities program, though it is required for urban renewal which is an important component of most model cities programs (see below).

B.

Urban Renewal and Neighborhood Development Program (NDP)

1. *Conventional Renewal.* Under Title I of the Housing Act of 1949, as amended (hence the frequent moniker of the "Title I" program), HUD provides federal loans, grants, and technical assistance for urban renewal activities of localities. The HUD official with primary responsibility for this program is the Assistant Secretary for Renewal and Housing Management.

Although Congress has recently increased funding authority for renewal, HUD requests for appropriations have lagged far behind. There is now a backlog of billions in pending applications.

Urban renewal projects are planned and carried out by a local public agency, which, depending on state law and local choice, may be a separate public agency or a department of local government.

a. Project activities and financing. An urban renewal project may involve:

— acquiring and clearing a slum or blighted area, either residential or nonresidential, and disposing of the land for redevelopment in accordance with planned uses;

— rehabilitation of structures in such an area by a local renewal agency or property owners, accompanied by improvement of community facilities by the local government, resulting in conservation of the area;

— any combination of the above.

An urban renewal project is financed by an arrangement between the local public agency and the federal government which calls for local contributions, federal advances and loans, and ultimately a federal capital grant.

The locality's contribution may take the form of cash or noncash grants-in-aid, such as donations of land, demolition and removal work, project improvements, public facilities, or certain expenditures by colleges, universities, and hospitals.

Net project cost, or loss, for purposes of determining the amount of the federal grant is the total expenditure for project execution plus the value of local noncash grants-in-aid, less the proceeds from land disposition.

An urban renewal capital grant covers the federal share of net project cost. The percentage of a capital grant varies, depending on the size of the community and other factors. The upper limit is generally two-thirds for large communities; for communities with a population of 50,000 or less it can be three-quarters.

b. Relocation of individuals, families, and businesses and the Uniform Relocation Act. Before a local public agency may carry out the project, it must satisfy HUD that a feasible plan for relocating displaced individuals, families, and businesses has been made. Since one purpose of renewal is to upgrade the living environment of those affected, the plan must show how displacees will be afforded opportunity to move to decent, safe, and sanitary dwellings at rents or prices within their financial means. Relocation has been described as the "Achilles heel" of urban renewal, since the extent to which this requirement has been met has been a matter of controversy in some communities. The official estimate of rehousing resources is the basis of the plan; careful scrutiny of its completeness and feasibility may show deficiencies. Most communities will need a greatly enlarged supply of housing available to low- and moderate-income families in order to carry out a feasible relocation program. The execution of the relocation plan should also be accompanied by a full range of social services in addition to a conscientious matching of housing needs to resources.

Federal grants are made available to communities to reimburse individuals, families, business concerns, and nonprofit organizations displaced by urban renewal, or other activities related to urban renewal, pursuant to the provisions of the Uniform Relocation Act, enacted in late 1970.

The provisions of this Act apply to anyone displaced by any federally financed program (e.g. highway construction, public housing) as well as to urban renewal. Under the Uniform Relocation Act, an individual displaced by a federally financed project is entitled to his actual expenses in moving, direct loss of tangible personal property as a result of moving, and actual reasonable expenses in searching for a replacement residence. In lieu of the actual expenses, a person displaced from his home may elect to receive a specified moving expense not to exceed \$300 and a dislocation allowance of \$200. A person displaced from his business may elect to receive a fixed payment in an amount equal to the average annual net earnings of the

business, except that such payments shall not be less than $2,500 nor more than $10,000. However, no such payment can be made unless the business cannot be relocated without a substantial loss of existing patronage and the business is not part of a commercial enterprise having at least one other establishment not being acquired by the project.

The Uniform Relocation Act authorizes additional payments to a homeowner to compensate for the amount additional to that received for his present dwelling needed to buy a comparable dwelling, for any increased interest costs that the homeowner must pay on a new mortgage and for title, recording, and other costs incidental to the purchase. The detailed criteria for the implementation of the law were being drafted in early 1971.

For a tenant, the Act allows such additional payments, up to $4,000, for the rental of adequate accommodations in an area equally desirable to that from which he was displaced, or for the necessary down payment on the purchase of a home in such areas. Relocation payments are *not* available to those who move from the area during the planning period, which often lasts for a year or more after the project is announced.

c. Planning for urban renewal activities. There are two types of planning which a com-

munity may undertake with federal assistance in specific preparation for urban renewal activities — general neighborhood renewal planning and specific project planning.

General neighborhood renewal planning is undertaken when an area to be renewed is of such size that urban renewal activities in the area may have to be initiated in stages over a period of as long as eight years, and it is desirable that a preliminary plan for the entire area be prepared as the basis for proceeding with specific renewal projects. General neighborhood renewal plans may be prepared for an urban renewal area or areas together with any adjoining areas having specifically related problems. The costs of general neighborhood renewal planning can be met by federal advances repayable from funds that become available for execution of the renewal projects.

The expenses of planning a specific urban renewal project may be defrayed through federal planning advances that are repayable from funds that become available when the project is undertaken.

Federal grants also are available to pay up to two-thirds of the cost incurred in preparing a community renewal program covering the full range of urban renewal action required to meet local needs. This permits a community to approach its problems of blight on a citywide rather than a piecemeal basis. All the deteriorating areas of a community can be identified and classified as to the relative urgency and degree of urban renewal action needed.

Usually it is the project's planning which receives most of the popular attention because specific economic, political, social, and physical issues come into clearer focus. Frequently, however, some basic determinations on these matters are made in more general planning which precedes a given project plan, and these general plans deserve more attention from public-interest groups than they often get.

d. Priority for housing low- and moderate-income families. HUD policy gives top priority for federal urban renewal assistance to urban renewal projects designed to improve housing and job opportunities for low- and moderate-income families.

The law itself provides that a majority of the housing units in a community's urban renewal projects to be redeveloped for predominantly residential uses shall be for low- and moderate-income families. At least 20 percent of these units must be for low-income families or individuals. A special "write-down" price for urban renewal land is available when it is to be devoted to such uses. In addition, federal grants are permitted for urban renewal open land projects (which previously qualified only for loans) to the extent that land is disposed of for low- and moderate-income housing. Finally, the law also requires that there be replaced, generally within the locality, housing units for low- and moderate-income households equal in number to those demolished by renewal.

An urban renewal agency can assist nonprofit housing developers to build low- and moderate-income housing in urban renewal areas by "packaging" a project for commitment by FHA.

e. Citizen participation. HUD has required the creation of citizen-manned "project area committees" for all urban renewal projects in which rehabilitation activities are contemplated. The local renewal agency may provide technical assistance to committees either by lending staff or by granting funds to enable the committees to hire their own staff and consultants. The area committees, to be set up in cooperation with local citizens, should represent a fair cross section of the residents of the urban renewal area.

f. Rehabilitation in urban renewal areas. A local urban renewal agency itself may acquire and rehabilitate dwellings, rather than simply subsidizing and stimulating private owners.

To assist an urban renewal agency in carrying out a rehabilitation program, Section 115 grants and Section 312 loans can be made to owners of properties to help finance rehabilitation (see page 13).

g. Clearance in urban renewal areas. The urban renewal program is historically based on the "slum clearance" approach. Although rehabilitation has increasingly been encouraged, the renewal program still contemplates the demolition of structures that are unsound or unfit for habitation and cannot feasibly be rehabilitated. Buildings that are sound but impede development of the overall plan may also be removed. Controversies arise most frequently in regard to this last criterion.

A workable program is required for federal funding of an urban renewal project (see page 14).

2. *Neighborhood Development Program (NDP).* In 1968, Congress authorized a new method of carrying out urban renewal called a Neighborhood Development Program. This consists of urban renewal undertakings and activities in one or more urban renewal project areas. These activities are planned and carried out on the basis of annual increments, under require-

ments similar to those presently governing federal financial assistance for ordinary urban renewal projects.

NDP covers activities in several contiguous or noncontiguous urban renewal areas, and the funding is based on the amount needed to carry out the activities planned for a 12-month period in each of the urban renewal areas contained in the community's program.

Since planning and project execution activities in most cases would be taking place simultaneously, especially in the early years of a program, HUD could permit the urban renewal plan to cover one or more of the urban renewal areas embraced by a program. Urban renewal plans under the program would be flexible, taking into consideration the degree of detail needed in the plan to carry out properly and expeditiously the activities proposed in any annual increment. There would be a broad plan specifying major land uses, density of development, and the public facilities proposed for the area.

This system is intended to reduce the lag between the decision that an area is in serious physical condition and the beginning of actual activities to correct these conditions. Rehabilitation activities could proceed along with public improvements, with detailed planning and scheduling of subsequent activities proceeding simultaneously with actual development in the area.

A workable program is required (see page 14).

C.

Code Enforcement

Section 117 of the Housing Act of 1949 authorizes federal grants to cities, counties, and municipalities to cover part of the cost of concentrated code enforcement programs in designated areas of the localities.

A code enforcement grant may not exceed two-thirds of the cost of a code enforcement program (or three-fourths in the case of a locality having a population of 50,000 or less). Grants can help pay for concentrated code enforcement administration, for relocation assistance, for administration of federal Section 312, rehabilitation loans and Section 115 grants, and for the provision and repair of necessary streets, curbs, sidewalks, street lighting, tree planting, and similar improvements.

The area selected for the code enforcement program must be predominately residential in character, with code violations in 20 percent of the buildings in the area. Conditions in the area must be such that the proposed program for concentrated code enforcement and the provision of the proposed public improvement may be expected to eliminate code violation and arrest the decline of the area.

Those displaced by federally assisted code enforcement activities are eligible for federal relocation payments and assistance to the same extent as if they were displaced by urban renewal activities.

To assist a locality in carrying out a code enforcement program (or an urban renewal conservation program), Section 312 direct federal 3-percent loans can be made to eligible property owners and Section 115 grants made to eligible low-income homeowners to help finance the rehabilitation of their properties. Such grants may be made through local public agencies or private nonprofit agencies designated by the local public agency (see page 13).

In addition, the locality may receive federal grants in code enforcement (or urban renewal) areas to help finance the cost of demolishing structures which are structurally unsound or unfit for habitation.

The locality must have a workable program for community improvement (see page 14).

D.

Interim Assistance for Blighted Areas

The 1968 amendments authorize new "interim assistance" grants to municipalities and counties.

The program is intended to assist localities in carrying out activities to alleviate harmful conditions in any slum or blighted area of the community for which substantial clearance, rehabilitation, or federally assisted code enforcement is planned in the near future but which needs some immediate public action.

Under the program such immediate short-term actions could be taken as: (1) repairing serious deficiencies in streets, sidewalks, parks, playgrounds, publicly owned utilities, and public buildings to the extent needed to maintain or restore decent conditions until permanent action can be taken (no new construction or major capital improvements are permitted); (2) the improvement of private properties to the extent needed to eliminate the most immediate dangers to public health and safety; (3) the demolition of structures deemed structurally unsound or unfit for human habitation and which are a public nuisance and a serious health and safety hazard; (4) establishment of temporary public play-

grounds on vacant land; and (5) improvement of such public services as garbage and trash collection and street cleaning.

Grants may not exceed two-thirds of the cost of planning and carrying out an interim assistance program (three-fourths of the cost in communities with populations of 50,000 or less).

Those displaced by interim assistance activities are eligible for federal relocation payments and assistance to the same extent as if they were displaced by urban renewal activities.

A locality must have a workable program for community improvement (see page 14).

E.

Neighborhood Facilities

The neighborhood facilities grant program was authorized by the Housing and Urban Development Act of 1965 to assist in financing the development cost of neighborhood facilities to house community service activities. Grants may not exceed two-thirds of the development costs of the facilities, or three-fourths in areas of high unemployment. Although grants may be made only to local public bodies or agencies that have authority under state or local law to undertake a project, a nonprofit organization may be the owner or operator of the neighborhood facility under the supervision of the public body.

To obtain a grant, a local community must furnish the balance of the cost of providing the facility and assume responsibility for operating and maintaining it upon completion.

Priority is given to projects which will benefit low-income families or will further the objectives of an approved antipoverty program.

Facilities may be provided by new construction, or the rehabilitation of existing structures. They may be additions, or built in conjunction with, schools and public housing projects.

Money from HUD defrays costs of construction. A working community-services program may require operating funds from other federal or state agencies. HEW's Center for Community Planning may provide information on that department's experience with its neighborhood service program.

A workable program is not required (see page 14).

F.

Relocation and Replacement Housing

On December 31, 1970, the President signed into law the Uniform Relocation Assistance and

Land Acquisition Act, previously discussed on page 24. It may provide important new resources for needed housing. The law permits federal officials to determine that a highway, urban renewal, or other project that displaces people cannot proceed due to lack of replacement housing for those displaced. Under the law such housing must be available within a reasonable time prior to displacement.

If a finding is made that such housing is not available, highway funds or renewal funds may be used to provide the housing. In other words, funds from nonhousing programs for the first time may finance the needed housing, instead of relying solely on the inadequate funds available through normal housing programs. These funds may also specifically take the form of seed-money loans to enable a sponsor to obtain the usual housing subsidies.

Just as important, the law also permits the federal government "as a last resort" to sponsor needed replacement housing itself if a capable and willing local sponsor (public or private) is not available. This may furnish a way of prodding local officials or the federal government itself to produce low-income housing when necessary because of the displacement of families by federally financed projects.

G.

Open Space, Urban Beautification, and Historic Preservation Programs

Before 1970, HUD administered four separate programs dealing with the problems of the acquisition and development of undeveloped land, acquiring open land in urban areas, urban beautification, and historic preservation. In 1970, Congress unified these programs into one Open Space program comprehensive enough to encompass the four previous programs. Under the Open Space program, grants help communities to provide, preserve, and develop lands having value for park and recreation, conservation, scenic, or historic uses. The grants help pay for development costs such as landscaping, basic water and sanitary facilities, and recreation facilities. Major construction projects, such as large buildings and amphitheaters, are ineligible for financial assistance.

Developed land may be purchased with grant assistance in built-up portions of urban areas where adequate open space land cannot effectively be provided through the use of undeveloped land. Where developed land is purchased in a built-up area, the grants may include 50 percent of the cost of acquisition and necessary clearance. Relocation assistance is authorized for individuals, families, businesses, and nonprofit organizations displaced by the purchase of land.

With respect to urban beautification, federal grants assist communities to carry out beautification programs for the greater use and enjoyment of open space and other public land in urban areas. The grants may pay for up to 50 percent of the communities' beautification expenditures. A former requirement that the federal grant could only fund beautification expenses over and above those of previous years was removed in 1970.

Beautification programs eligible for grant assistance must promise long-term benefits, but construction of major buildings or facilities is not eligible. Priority consideration is given to applications covering a diversity of activities and representing a balance between park development and other types of beautification.

With respect to historic preservation, federal grants are made for the acquisition, restoration, or improvement of sites, structures, or areas of historic or architectural significance in urban areas. The use of restored or improved sites and structures for community activities is encouraged.

The 1970 Act added a new provision authorizing HUD to make 75-percent grants to state or local governing bodies to acquire undeveloped land and withhold it from development if such action would have special significance in helping to shape economic and desirable patterns of urban growth. HUD may approve the subsequent use of such land subject to appropriate conditions. This program has yet to be implemented but it could be a prelude to federal recognition of a "land banking" concept.

None of the above programs requires the locality to have a workable program (see page 14).

H.

New Communities

Title VIII of the Housing and Urban Development Act of 1970 vastly extends HUD assistance to new communities beyond the loan guaranty program enacted in 1968. Congress created a new government corporation, the Community Development Corporation (CDC), to administer the program.

In addition to the authority to guarantee new community bonds (exercised by HUD to bene-

fit about five new communities through early 1970), CDC has the following additional powers:

— CDC may guarantee the obligations of state land development agencies as well as private developers and may make loans for the interest due on such obligations during the first 15 years.

— CDC may make grants to the appropriate local public body to provide essential public services and new community public facilities; CDC may provide financial assistance (on a 2 to 1 matching basis) to both private and public developers for the planning of new communities.

Low- and moderate-income housing must be included in federally aided new communities.

I.

Other Community Development Programs

HUD also administers the following community development programs.

1. *Comprehensive planning assistance.* Sometimes called the 701 program, this program generally provides up to two-thirds federal grants to supplement state and local funds to assist comprehensive planning for areas having common or related development problems. Housing analysis, often a minor subject or omitted entirely, has been made a required component of 701 plans.

2. *Basic public water and sewer facilities.* Fifty-percent grants are available to local governments for facilities for storage, supply, treatment, purification, or distribution of water for domestic, commercial, or industrial use. Basic public sewer facilities that are eligible include systems for collection, transmission, and discharge of liquid wastes and storm sewer systems.

3. *Public facility loans.* Local units of government under 50,000 are eligible for 40-year loans to construct a variety of public works such as water and sewage facilities, gas distribution systems, street improvements, public buildings, and recreation facilities. Schools are excluded.

4. *Demolition grants.* Grants for up to two-thirds of the actual cost of demolishing hazardous structures and clearing land may be made to municipalities having the authority to undertake this activity on a programmed basis.

5. *Flood and hurricane insurance.* Legislation in 1969 and 1968 set up special emergency and permanent programs of insurance against catastrophic loss in communities cooperating with the federal government in designating areas exposed to flood hazards. Flood insurance will be sold by local brokers representing the National Flood Insurance Association, a nationwide pool of insurance companies.

1. Identification by Section Number*

Title I — Loans and grants to urban renewal (Housing Act of 1949)
Title I — FHA insurance of loans for property improvement (National Housing Act)
Title IV — Guarantee of new community financing (Housing and Urban Development Act of 1968)
Title X — Mortgage insurance for land development and new communities (National Housing Act)
Sec. 112 — Credit as local grants-in-aid to urban renewal for expenditures by colleges and hospitals (Housing Act of 1949)
Sec. 115 — Grants for rehabilitation (Housing Act of 1949)
Sec. 116 — Grants for demolition of unsafe structures (Housing Act of 1949)
Sec. 117 — Grants for code enforcement (Housing Act of 1949)
Sec. 202 — Direct loans for rental housing for elderly and handicapped (Housing Act of 1959) (program is being phased out)
Sec. 202 — Loans for community facilities (Housing Amendments of 1955)
Sec. 203(b) — Mortgage insurance for homes — regular program (National Housing Act)
Sec. 203(i) — Mortgage insurance for low-cost homes in outlying areas and farm homes (National Housing Act)
Sec. 203(k) — Insurance of loans for repair of homes not in urban renewal areas (National Housing Act)
Sec. 207 — Mortgage insurance for rental housing — regular program (National Housing Act)
Sec. 207 — Grants for demonstrations of new or improved means of providing housing for low-income families, including handicapped (Housing Act of 1961)
Sec. 213 — Mortgage insurance for cooperative housing (National Housing Act)
Sec. 220 — Mortgage insurance for new and rehabilitated homes and rental housing in urban renewal areas (National Housing Act)
Sec. 220(h) — Insurance of loans for repair and rehabilitation of homes and multifamily housing in urban renewal and code enforcement areas (National Housing Act)
Sec. 221 — Mortgage insurance for new or rehabilitated homes and rental housing for displaced families or low- or moderate-income families (National Housing Act)
Sec. 221(d)(3) — Mortgage insurance for new or rehabilitated rental housing for displaced or low- or moderate-income families with mortgages bearing below market interest rates ("BMIR") and purchased by GNMA under its special assistance program (National Housing Act) (program is being phased out)
Sec. 221(h) — Mortgage insurance for purchase and rehabilitation of housing for resale to low-income families at below-market-interest-rate financing (National Housing Act)
Sec. 222 — Mortgage insurance for homes for servicemen (National Housing Act)
Sec. 231 — Mortgage insurance for new or rehabilitated rental housing for the elderly and handicapped (National Housing Act)
Sec. 232 — Mortgage insurance for new or rehabilitated nursing homes (National Housing Act)
Sec. 233 — Mortgage insurance for experimental housing — homes and rental (National Housing Act)
Sec. 234 — Mortgage insurance for condominiums (National Housing Act)
Sec. 235 — Periodic assistance payments to reduce interest costs on homeownership for lower-income families (National Housing Act)

* Adapted from *Basic Laws and Authorities on Housing and Urban Development*, revised through January 31, 1969 (G.P.O.), and materials prepared by the Nonprofit Housing Center, affiliate of The National Urban Coalition.

Sec. 236 — Interest reduction payments for rental and cooperative housing for lower-income families (National Housing Act)

Sec. 237 — Mortgage insurance for special credit risks.

Sec. 312 — Rehabilitation loans for owners or tenants of homes or business property in urban renewal and code enforcement areas (Housing Act of 1964)

Sec. 314 — Grants for demonstration urban renewal projects (Housing Act of 1954)

Sec. 608 (inactive) — Mortgage insurance for World War II and veterans' rental housing (National Housing Act)

Sec. 701 — Grants to assist comprehensive planning (Housing Act of 1954)

Sec. 702 — Advances for public works planning (Housing Act of 1954)

Sec. 803 — Mortgage insurance for military ("Capehart") housing (National Housing Act) — also referred to as "Title VIII"

Sec. 809 — Mortgage insurance for homes for civilian employees at a research or development installation of a military department, NASA, AEC, or a contractor thereof (National Housing Act)

Sec. 810 — Mortgage insurance for single and multifamily rental housing for military personnel and essential civilian personnel serving or employed in connection with a defense installation (National Housing Act)

2. Housing Glossary*

AMP — FHA abbreviation for Accelerated Multifamily Processing; refers to 1968 revisions in FHA processing procedures to eliminate delays, reduce the number of procedural steps, and cut the time required for obtaining a commitment

AMPO — FHA abbreviation for Amount to Make the Project Operational; the allowance is an amount (ordinarily 2 percent of replacement cost) which can be included in the mortgage insured by FHA to provide a nonprofit sponsor with working capital during the initial period of operation of a project

Appraisal — Estimate of the real or market value of a property; that is, what the owner could reasonably expect to get if he were to sell it (such estimates are usually made by professional real estate appraisers)

Assessed Valuation — the value assigned to a piece of property by the city for real estate tax purposes; it is usually less than the market value of the property (the relationship between assessed value and market value varies from property to property and city to city)

Basic Rent — that rent which is charged in a subsidized housing development either through rent supplement or an interest reduction program; represents the difference between rents charged at the highest market rate and those allowable under assistance programs

BMIR — below market interest rate; applies to certain mortgage insurance programs where the mortgage carries with it an interest rate below that charged by conventional financing in the area to make it possible for low- and moderate-income families to rent or buy dwelling units; as the rate is below market, the mortgage is brought about by the government agreeing to buy the mortgage from a private institution; until 1968 this was done by FNMA (Fannie May) and now is done by GNMA (Ginnie May), an offshoot of FNMA

Builder-Seller-Sponsor — special type of sponsor organized to build or rehabilitate a housing project and sell it, immediately upon completion, to a private nonprofit organization at the certified cost of the project; in this case the nonprofit sponsor buys a total package

Closing — a meeting of the parties to a mortgage transaction or transfer of title to property at which the documents necessary to accomplish these events are signed (executed) and delivered to the persons entitled to receive them

Conditional Commitment — the issuance of a conditional commitment letter by FHA based on a review of the sponsor's forms, exhibits, schematics, and brief specifications by the architect, indicating that the project appears to have economic feasibility, but requires more detailed information

Cost Certification — a process whereby all construction and other building and material costs are itemized so that all costs can be verified by appropriate records

Debt Service — the payment made on loans; includes interest and repayment of a portion of the principal sum borrowed

Discount Points — the amount of money the borrower has to pay to the lending institution in order to secure a mortgage loan (a point is equal to 1 percent of the loan)

Fannie May — Federal National Mortgage Association; federally sponsored private corporation which provides secondary market for housing mortgages

Firm Commitment — the issuance of a firm commitment by FHA is based on review of final, complete development drawings, including complete specifications and firm costs; in addition, all contracts and documents are reviewed

FNMA — Federal National Mortgage Association; commonly referred to as Fannie May

Ginnie May — Government National Mortgage Association; government corporation which provides secondary market for housing mortgages and special assistance to housing mortgages financing housing under special FHA mortgage insurance programs

GNMA — Government National Mortgage Association; commonly referred to as Ginnie May

Housing Development Corporation — a multipurpose private housing corporation established to serve a given geographic area, such as a neighborhood, city, state, or region, by providing technical assistance, lending seed money, and directly sponsoring housing developments; the board of directors generally is represented equally by community people, the business community, and local governmental officials

Income Limits — the family income limits established for admission into projects for low- and moderate-income families and which may not be exceeded if the families are to be eligible to rent or buy; the income limits are based on family size, type of dwelling unit, and cost of living in the area; each program has its own income limits

Income, Low — refers to the income of persons or families eligible for public housing or rent supplement housing; the limits are set locally with the approval of HUD

Income, Lower — Lower-income housing is a term used in the Housing and Urban Development Act of 1968; refers to persons and families whose income for the most part does not exceed 135 percent of the limits established for admission to public housing and, for a limited part of the appropriations, not more than 90 percent of the limits established for occupants of projects insured under FHA Section 221(d)(3)

Income, Moderate — not expressly defined in federal legislation, but found in FHA Section 221; as noted under "income limits," the FHA has estblished income limits for various districts throughout the country applicable to FHA 221(d) (3), which create definitive limits on "moderate income" for purposes of this program

Initial Commitment — the issuance of a feasibility letter by FHA which establishes an estimated budget for a given project

Interest Reduction Programs — FHA programs that subsidize the market interest rates of mortgage loans for low- and moderate-income housing; this is one mechanism by which the cost to the consumer is lowered

Interim Financing — the loan which covers land cost, construction cost, current real estate taxes, and other incidental expenses attributable to the construction period; this is sometimes called a construction loan

Investor Sponsor — in conjunction with the cooperative housing program, this refers to private, profit-making organizations that undertake the development of housing projects for sale at a profit to a nonprofit cooperative corporation; the allowable profit is limited and the mortgage amount available to the sponsor is a lower percentage of project cost than is the case for nonprofit cooperative mortgagors

Land Contract — a contract for the purchase of real estate on an installment basis; upon payment of last installment, the deed is delivered

Level Annuity Plan — a plan for paying off an FHA-insured mortgage which provides for payment of principal, interest, and mortgage insurance premiums at a constant level throughout the mortgage term

Limited-Dividend Corporation — a profit-motivated housing development sponsor who is eligible to receive an FHA-insured mortgage loan for as much as 90 percent of the total development cost and can earn up to 6 percent cash flow annually on its equity investment

LHA — local housing authority (used in connection with the local agency responsible for local public housing)

LPA — local public agency (generally used in connection with urban renewal or public housing programs)

Market Rent — the highest price charged by owners for real property based on current prices without consideration of subsidy

Mortgage — a loan made for the purpose of buying, building, or rehabilitating real property in which the property that is purchased is used as security for the loan

Mortgage Insurance Premium — the amount that is paid to FHA for insuring the bank's mortgage loan to the sponsor; generally about 1 percent of the mortgage amount

Mortgagee — the lending institution which provides the money for the mortgage; generally includes banks, insurance companies, savings banks, mortgage banks, banking and trust companies, etc.

Mortgagor — the person, corporation, or entity that borrows the mortgage money from a lending institution

Mortgagor Corporation — the corporation that has legal responsibility for repaying the mortgage loan

MPS — minimum property standards; sets forth the overall minimum technical standards acceptable to FHA

Multifamily Development — a development of more than two dwellings; usually associated with garden apartments, townhouses, and high-rises

NDPs — neighborhood development programs; urban renewal carried out with financing on annual basis

Nonprofit Sponsor — a group, organized for reasons other than making profit, which can undertake a housing project; the housing units may be rented on a nonprofit basis or the nonprofit sponsor can be the means of creating individual, cooperative, or condominium ownership; FHA can insure up to 100 percent of a mortgage loan for such sponsors

Option Agreement — the right acquired, for a consideration, to buy or sell property at a fixed price within a specified time

Permanent Financing — the mortgage loan which covers, in the case of nonprofit sponsors, 100 percent of the total development cost including the interim loans, construction loan, financing expenses, marketing, administrative, legal, and other costs attributable to the development; this loan differs from the construction loan in that this financing takes place after the project is constructed and open for occupancy

Rent Supplement — a direct subsidy program in which the family pays 25 percent of its income toward the rent and this amount is supplemented by the government to cover the difference between the amount paid by the family and the market rate

Replacement Cost — the cost to replace a structure with one of equivalent worth and function in all respects; FHA calculates replacement by determining the current cost of improvements to the land (exclusive of offsite work) and the cost of structures, including the builder's and architect's fees; also included are financing costs, carrying charges, and legal and organizational expenses in an amount normally incurred for the type project; replacement cost usually provides a higher value for ascertaining the maximum mortgage than does the more conventional and conservative "estimated value"

S&Ps — contracts for advances for surveys and planning of urban renewal

Seed Money — advances to nonprofit sponsors of low-income housing for initial costs of planning the housing

Special Assistance — purchase by Ginnie May of mortgages financing low- or moderate-income housing under certain FHA mortgage insurance programs; purchase is financed by Treasury borrowings

Survey — the process by which a parcel of land is measured and its area is ascertained

Subsidy — grants of money by the government to reduce the cost of one or more of the housing components (i.e., land, labor, money, and materials) in order to lower the cost of the housing to the occupant

Tandem Plan — the purchase by GNMA of certain mortgages at par for subsequent resale at market prices to FNMA

Tax Abatement — for a specified period of time a project is exempt from local taxes or pays a reduced rate of taxes for that period of time

Title — the legal sum of all evidence which constitutes a proof of ownership

Title Insurance — the insurance policy which protects the holder of the title

Turnkey — housing initially financed and built by private sponsors and purchased by housing authorities for use by low-income families under the public housing program

Turnkey Leasing —housing constructed by private sponsors for lease to the housing authority for use of its low-income tenants

Turnkey II — used either to designate a program for private management of low-income housing or the training for homeownership given public housing residents participating in the Turnkey III or Turnkey IV program

Turnkey III — the public housing homeownership program in dwellings owned by the housing authority

Turnkey IV — the public housing homeownership program in dwellings leased by the housing authority

Appendix B. Regional, Area and Insuring Offices

Before September, 1970, local insuring offices located in 76 cities administered the FHA insurance and subsidy programs. Seven regional offices throughout the country administered all of the other HUD programs. In September, 1970, the number of regions was increased to 10 and *area* offices were established within the regions to administer all of HUD's programs, including FHA.

The area office phase of this reorganization is being done in stages. In the Boston, New York, Fort Worth, Kansas City, San Francisco, and Seattle regions, the area offices have been established and were in operation by September, 1970. In the Philadelphia, Atlanta, and Chicago regions, most area offices were not to be established until September, 1971, and the regional office and FHA insuring office pattern remains in force until then. (No area offices will be established in the Denver region.) Even when the area office structure is completely established, FHA insuring offices will remain in a few cities and will continue to handle FHA programs exclusively. In those cases, an applicant would deal with the FHA insuring office for the FHA programs and with the HUD area office for the remainder of the HUD programs.

The transition to the area office organizations has decentralized many administrative decisions. But it has caused some confusion in the processing of HUD applications because of the transfer of personnel and functions from one office to another.

1. HUD Regional Delineations

REGION I (Boston)
- Connecticut
- Maine
- Massachusetts
- New Hampshire
- Rhode Island
- Vermont

REGION II (New York)
- New York
- New Jersey
- Puerto Rico
- Virgin Islands

REGION III (Philadelphia)
- Delaware
- District of Columbia
- Maryland
- Pennsylvania
- Virginia
- West Virginia

REGION IV (Atlanta)
- Alabama
- Florida
- Georgia
- Kentucky
- Mississippi
- North Carolina
- South Carolina
- Tennessee

REGION V (Chicago)
- Illinois
- Indiana
- Michigan
- Minnesota
- Ohio
- Wisconsin

REGION VI (Fort Worth)
- Arkansas
- Louisiana
- New Mexico
- Oklahoma
- Texas

REGION VII (Kansas City)
- Iowa
- Kansas
- Missouri
- Nebraska

REGION VIII (Denver)
- Colorado
- Montana
- North Dakota
- South Dakota
- Utah
- Wyoming

REGION IX (San Francisco)
- Arizona
- California
- Hawaii
- Nevada
- Guam
- American Samoa

REGION X (Seattle)
- Alaska
- Idaho
- Oregon
- Washington

2. Department of Housing and Urban Development
(Field Structure as of June 1, 1971)

REGION I (Boston)
Connecticut, Maine, Massachusetts,
New Hampshire, Rhode Island, Vermont
Regional Administrator: James J. Barry
Deputy Regional Administrator:
Harold G. Thompson
405 John F. Kennedy Federal Building
Boston, Massachusetts 02203
(617) 223-4066

Area Offices
Boston, Massachusetts
Massachusetts, Rhode Island
Area Director: M. Daniel Richardson
Deputy Area Director: Edward J. Pollack
Bulfinch Building
15 New Chardon Street
Boston, Massachusetts 02114
(617) 223-4111
Hartford, Connecticut
Connecticut
Area Director: Lawrence L. Thompson
Deputy Area Director: Ronald T. Black
Federal Office Building
999 Asylum Avenue
Hartford, Connecticut 06103
(203) 244-3638
Manchester, New Hampshire
Maine, New Hampshire, Vermont
Area Director: Creeley S. Buchanan
Deputy Area Director: John Bonkoski
Davison Building
1230 Elm Street
Manchester, New Hampshire 03101
(603) 669-7681

Insuring Offices
Bangor, Maine
Director: Richard J. McMahon
Deputy Director: Thomas W. Kelly Jr.
Federal Building and Post Office
202 Harlow Street
Bangor, Maine 04401
(207) 942-8271
Providence, Rhode Island
Director: Charles J. McCabe
300 Post Office Annex
Providence, Rhode Island 02903
(401) 528-4391
Burlington, Vermont
Director: Dan J. Healy
630 Federal Building
Elmwood Avenue
Burlington, Vermont 05402
(802) 862-6501

REGION II (New York)
New York, New Jersey, Puerto Rico, Virgin Islands
Regional Administrator: S. William Green
Deputy Regional Administrator: Anne M. Roberts
26 Federal Plaza
New York, New York 10007
(212) 264-8068

Area offices
Buffalo, New York
Western New York State
Area Director: Frank D. Cerabone
Grant Building
560 Main Street
Buffalo, New York 14202
(716) 842-3537
Camden, New Jersey
Southern New Jersey
Area Director: Philip G. Sadler
The Parkade Building
519 Federal Street
Camden, New Jersey 08103
(609) 963-2301
Newark, New Jersey
Northern New Jersey
Area Director: Peter J. Longarzo
Gateway Building
No. 1 Raymond Plaza
Newark, New Jersey 07102
(201) 645-3010
New York, New York
Eastern New York State
Area Director: John B. Maylott
Deputy Area Director: George M. Beaton
120 Church Street
New York, New York 10007
(212) 264-0522
San Juan, Puerto Rico — Commonwealth Area Office
Puerto Rico, Virgin Islands
Area Administrator: A. Enrique Sanz
Deputy Area Administrator: Jose E. Febres-Silva
New Pan Am Building
255 Ponce de Leon Avenue
Hato Rey, Puerto Rico
Mailing Address: P. O. Box 3869 GPO
San Juan, Puerto Rico 00936
Dial Code 106—Ask Operator for 622-0201

Insuring offices
Albany, New York
Assistant State Director: Robert J. Smith
Westgate North
30 Russell Road
Albany, New York 12206
(518) 472-3567
Hempstead, New York
Assistant State Director:
Lawrence M. Condon
175 Fulton Avenue
Hempstead, New York 11550
(516) 485-5000

REGION III (Philadelphia)
Delaware, District of Columbia, Maryland,
Pennsylvania, Virginia, West Virginia
Regional Administrator: Warren P. Phelan
Curtis Building
6th and Walnut Streets
Philadelphia, Pennsylvania 19106
(215) 597-2560

Area office
Pittsburgh, Pennsylvania
Western Pennsylvania, West Virginia
Area Director: Charles J. Lieberth
Deputy Area Director: Richard A. Traussi
1000 Liberty Avenue
Pittsburgh, Pennsylvania 15222
(412) 644-2802

Insuring Offices
Wilmington, Delaware
Director: Henry McC. Winchester Jr.
Assistant Director: Henry L. Maxwell
536 Wilmington Trust Building
Wilmington, Delaware 19801
(302) 658-6911
Washington, D. C.
Acting Director: William J. Bordas
Deputy Director: Marvin M. Wire
1310 L Street, N.W.
Washington, D. C. 20005
(202) 382-4855

Baltimore, Maryland
Director: Allen T. Clapp
31 Hopkins Plaza
Federal Building
Baltimore, Maryland 21201
(301) 962-2121
Philadelphia, Pennsylvania
Director: Thomas J. Gallagher Jr.
Deputy Director: John B. Boyle
862 Curtis Building
625 Walnut Street
Philadelphia, Pennsylvania 19106
(215) 597-2358
Richmond, Virginia
Director: Carroll Mason
Deputy Director: R. Coy Morell
8th Floor Federal Building
400 North 8th Street
Richmond, Virginia 23240
(703) 649-3611
Charleston, West Virginia
Director: H. William Rogers
Assistant Director: Howard A. Ferrell
New Federal Building
500 Quarrier Street
Charleston, West Virginia 25301
(304) 343-6181

REGION IV (Atlanta)
Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee
Regional Administrator:
Edward H. Baxter
Deputy Regional Administrator:
Charles C. Adams
Peachtree-Seventh Building
Atlanta, Georgia 30323
(404) 526-5585

Area office
Birmingham, Alabama
Alabama
Area Director: Jon W. Pitts
Deputy Area Director: Robert E. Brown
Daniel Building
15 South 20th Street
Birmingham, Alabama 35233
(205) 325-3264

Insuring Offices
Coral Gables, Florida
Director: William F. Pelski
Deputy Director: Louis Baine
3001 Ponce de Leon Boulevard
Coral Gables, Florida 33134
(305) 350-5567
Jacksonville, Florida
Director: Forest W. Howell
Deputy Director: J. C. Coile
400 West Bay Street
Post Office Box 35009
Jacksonville, Florida 32202
(904) 791-2626
Tampa, Florida
Director: K. Wayne Swiger
Deputy Director: M. R. Crimmen
4224 Henderson Boulevard
Post Office Box 18165
Tampa, Florida 33609
(813) 228-7711
Atlanta, Georgia
Director: Gary S. Hooks
Deputy Director: William Hartman Jr.
230 Peachtree Street
Atlanta, Georgia 30303
(404) 526-6595
Louisville, Kentucky
Director: Raymond G. Fleming
Deputy Director: John E. Ridge
New Federal Building
Box 1044
Louisville, Kentucky 40202
(502) 582-5252
Jackson, Mississippi
Director: Buford Yerger
301 North Lamar Street
Jackson, Mississippi 39201
(601) 948-7821
Greensboro, North Carolina
Director: Richard B. Barnwell
Deputy Director: Harry L. Cooper
324 West Market Street
Greensboro, North Carolina 27401
(919) 275-9111
Columbia, South Carolina
Director: Clifton G. Brown
1515 Lady Street
Columbia, South Carolina 29201
(803) 253-6455
Knoxville, Tennessee
Director: Carroll G. Oakes
Deputy Director: C. F. Frazier
725 Gay Street, S.W.
Knoxville, Tennessee 37902
(615) 524-4011
Memphis, Tennessee
Director: James E. Kerwin
Deputy Director: Glynn G. Raby Jr.
Federal Office Building
167 North Main Street
Memphis, Tennessee 38103
(901) 534-3141

REGION V (Chicago)
Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin
Regional Administrator: George J. Vavoulis
Deputy Regional Administrator:
Don Morrow
360 North Michigan Avenue
Chicago, Illinois 60601
(312) 353-5680

Area office
Detroit, Michigan
Michigan
Area Director: William C. Whitbeck
Deputy Area Director: John E. Kane
First National Building—5th Floor
660 Woodward Avenue
Detroit, Michigan 48226
(313) 226-7900

Insuring Offices
Chicago, Illinois
Director: Ernest C. Stevens
12th Floor
17 N. Dearborn Street
Chicago, Illinois 60602
(312) 353-7660
Springfield, Illinois
Director: Boyd Barton
628 East Adams Street
Post Office Box 1628
Springfield, Illinois 62705
(217) 525-4085
Indianapolis, Indiana
Director: E. Boone Coy
Deputy Director: Merle H. Tiede
Architects and Builders Building
333 North Pennsylvania Street
Indianapolis, Indiana 46204
(317) 633-7188

Grand Rapids, Michigan
Director: Alfred Raven
Deputy Director: Verne R. Matson
921 Division Avenue, North
Grand Rapids, Michigan 49503
(616) 456-2225
Minneapolis, Minnesota
Director: Joseph F. Gabler
Deputy Director: Robert W. Buskirk
256 Federal Building
110 South 4th Street
Minneapolis, Minnesota 55401
(612) 725-2641
Cincinnati, Ohio
Director: William B. Jolley
Acting Deputy Director:
Neal Rozema
9009 Federal Office Building
550 Main Street
Cincinnati, Ohio 45202
(513) 684-2884
Cleveland, Ohio
Director: William H. Hackman
907 Federal Building
1240 East 9th Street
Cleveland, Ohio 44199
(216) 522-4065
Columbus, Ohio
Director: Fergus A. Theibert
Deputy Director: Edwin E. Davis
Columbus Center Building
100 East Broad Street
Columbus, Ohio 43215
(614) 469-7345
Milwaukee, Wisconsin
Director: Lawrence S. Katz
744 North 4th Street
Milwaukee, Wisconsin 53203
(414) 272-8600

REGION VI (Fort Worth)
Arkansas, Louisiana, New Mexico, Oklahoma, Texas
Regional Administrator: Richard L. Morgan
Deputy Regional Administrator: Leonard E. Church
Federal Office Building
819 Taylor Street
Fort Worth, Texas 76102
(817) 334-2867

Area offices
Dallas, Texas
New Mexico; Eastern, Northern, and Western Texas
Area Director: Manuel A. Sanchez III
1100 Commerce Street—3rd Floor
Dallas, Texas 75202
(214) 749-1601
Little Rock, Arkansas
Arkansas
Area Director: Wayne H. Babbitt
Deputy Area Director: Harold A. Dickinson
Union National Bank Building
One Union National Plaza
Little Rock, Arkansas 72201
(501) 372-5401 (FTS only)
(501) 372-4361 (Commercial)
New Orleans, Louisiana
Louisiana
Area Director: Guy J. Seghers Jr.
Deputy Area Director: Francis J. Elorriaga
Plaza Tower
1001 Howard Avenue
New Orleans, Louisiana 70113
(504) 527-2063
Oklahoma City, Oklahoma
Oklahoma
Area Director: Robert H. Breeden
301 North Hudson Street
Oklahoma City, Oklahoma 73102
(405) 231-4891 (FTS only)
(405) 231-4181 (Commercial)
San Antonio, Texas
Southwest Texas
Area Director: Finnis E. Jolly
Deputy Area Director: Carmon L. Hunnicut
Kallison Building
410 South Main Avenue
San Antonio, Texas 78204
(512) 225-4685 (FTS only)
(512) 225-5511 (Commercial)
Insuring offices
Shreveport, Louisiana
Director: Rudy Langford
Deputy Director: James B. Lennard
Ricou-Brewster Building
425 Milam Street
Shreveport, Louisiana 71101
(318) 425-1241
Albuquerque, New Mexico
Director: Luther G. Branham
Deputy Director: Henry Mendenhall
625 Truman Street, N.E.
Albuquerque, New Mexico 87110
(505) 256-9877
Tulsa, Oklahoma
Director: Robert H. Gardner
Deputy Director: Alonzo W. Taylor
1708 Utica Square
Post Office Box 4054
Tulsa, Oklahoma 74152
(918) 584-7151
Fort Worth, Texas
Director: Adrian Henderson
Deputy Director: John N. Vernon
9A-35 Federal Building
819 Taylor Street
Fort Worth, Texas 76102
(817) 334-3233
Houston, Texas
Director: William A. Painter
Deputy Director: Labron F. Ezell Jr.
7419 Federal Building
515 Rusk Avenue
Houston, Texas 77002
(713) 226-4335
Lubbock, Texas
Director: Glenn Bailey
Deputy Director: John M. Sutter
1205 Texas Avenue
Lubbock, Texas 79401
(806) 747-3711
REGION VII (Kansas City)
Iowa, Kansas, Missouri, Nebraska
Regional Administrator: Harry T. Morley Jr.
Deputy Regional Administrator: Harry I. Sharrott
300 Federal Office Building
911 Walnut Street
Kansas City, Missouri 64106
(816) 374-2661
Area offices
Kansas City, Kansas
Kansas, Western Missouri
Area Director: William Southerland
One Gateway Center
5th and State Streets
Post Office Box 1339
Kansas City, Kansas 66117
(816) 374-4355

Omaha, Nebraska
Iowa, Nebraska
Area Director: Guy J. Birch
Deputy Area Director: Mrs. Betsy Stafford
Univac Building
7100 West Center Road
Omaha, Nebraska 68106
(402) 221-9301
St. Louis, Missouri
Eastern Missouri
Area Director: Elmer E. Smith
Deputy Area Director: Morris M. Hatchett
210 North 12th Street
St. Louis, Missouri 63101
(314) 622-4761

Insuring offices
Des Moines, Iowa
Director: Nate Ruben
Deputy Director: Lewis A. DeMarco
259 Federal Building
210 Walnut Street
Des Moines, Iowa 50309
(515) 284-4481
Topeka, Kansas
Director: Adrian J. Dawson
Deputy Director: W. Winston Brown
700 Kansas Avenue
Topeka, Kansas 66603
(913) 234-8241

REGION VIII (Denver)
Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming
Regional Administrator: Robert C. Rosenheim
Deputy Regional Administrator: Roland E. Camfield Jr.
New Federal Building
19th and Stout Streets
Denver, Colorado 80202
(303) 837-4881

Area offices: None

Insuring offices
Denver, Colorado
Director: W. O. East
Deputy Director: Marvin J. Dieter
Railway Exchange
909 17th Street
Denver, Colorado 80202
(303) 837-4521
Helena, Montana
Director: Orvin B. Fjare
Assistant Director: Mark Radcliffe
616 Helena Avenue
Helena, Montana 59601
(406) 442-3237
Fargo, North Dakota
Director: Abner B. Larson
Federal Building
653 2nd Avenue, North
Post Office Box 2483
Fargo, North Dakota 58102
(701) 237-5136
Sioux Falls, South Dakota
Director: N. I. Blegen
Deputy Director: Rodger L. Rosenwald
119 Federal Building
400 South Phillips Avenue
Sioux Falls, South Dakota 57102
(605) 336-2980
Salt Lake City, Utah
Director: L. C. Romney
Assistant Director: Ernest M. Fullmer
125 South State Street
Salt Lake City, Utah 84111
(801) 524-5237
Casper, Wyoming
Director: Miller Brown
Deputy Director: Marshall Elliott
4227 Federal Office Building
100 East B Street
Post Office Box 580
Casper, Wyoming 82601
(307) 265-4310

REGION IX (San Francisco)
Arizona, California, Hawaii, Nevada, Guam, American Samoa
Regional Administrator: Robert H. Baida
Deputy Regional Administrator: Andrew J. Bell III
450 Golden Gate Avenue
P. O. Box 36003
San Francisco, California 94102
(415) 556-4752

Area Offices
Los Angeles, California
Arizona, Southern California
Area Director: Raymond Carrasco
Deputy Area Director: Mrs. Barbara Bell
2500 Wilshire Boulevard
Los Angeles, California 90057
(213) 688-5127
San Francisco, California
Area Director: James H. Price
Deputy Area Director: Roy H. Pinkerton
1 Embarcadero Center
Suite 1600
San Francisco, California 94111
(415) 556-2238

Insuring offices
Phoenix, Arizona
Director: Merritt R. Smith
Deputy Director: Donald J. Karl
244 West Osborne Road
Post Office Box 13468
Phoenix, Arizona 85002
(602) 261-3900
Sacramento, California
Director: Edward P. Green
Deputy Director: Archie K. McCalla
801 Eye Street
Post Office Box 1978
Sacramento, California 95809
(916) 449-3471
San Diego, California
Director: Albert E. Johnson
Deputy Director: Ted A. Guilliams
110 West C Street
Post Office Box 2648
San Diego, California 92112
(714) 293-5310
Santa Ana, California
Acting Director: Ray A. Moore
1440 East 1st Street
Santa Ana, California 92701
(714) 836-2451
Honolulu, Hawaii
Director: Alvin K. H. Pang
Deputy Director: Frank H. Merriam
333 Queen Street
Post Office Box 3377
Honolulu, Hawaii 96801
(808) 546-5552
Reno, Nevada
Director: Morley W. Griswold
Deputy Director: Michael A. Pollard
70 Linden Street
Post Office Box 4700
Reno, Nevada 89505
(702) 784-5213

REGION X (Seattle)
Alaska, Idaho, Oregon, Washington
Regional Administrator:
Oscar P. Pederson
Deputy Regional Administrator:
David W. Peyton
Arcade Plaza Building
1321 Second Avenue
Seattle, Washington 98102
(206) 442-5415

Area offices
Portland, Oregon
Southern Idaho, Oregon, Washington Counties of Clark, Klickitat, and Skamania
Area Director: Russell H. Dawson
Deputy Area Director: Paul R. Timmins
520 Southwest 6th Avenue
Portland, Oregon 97204
(503) 226-2726
Seattle, Washington
Alaska, Northern Idaho, Washington (except Clark, Klickitat, and Skamania Counties)
Area Director: Marshall D. Majors
Arcade Plaza Building
1321 Second Avenue
Seattle, Washington 98101
(206) 442-7456

Insuring offices
Anchorage, Alaska
Director: Claude Millsap Jr.
Deputy Director: James H. Tveit
228 Federal Building
Post Office Box 480
Anchorage, Alaska 99501
*dial 206-442-0150 and ask operator for 272-5561 ext 790
Boise, Idaho
Director: Kenneth A. Tyrer
Deputy Director: Eugene H. Carpenter
331 Idaho Street
Post Office Box 72
Boise, Idaho 83701
(208) 342-2711
Spokane, Washington
Director: Wallace M. Bostwick
Deputy Director: Harry E. Howes Jr.
746 U.S. Court House West
920 Riverside Avenue
Spokane, Washington 99201
(509) 456-2510

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Other National Urban Coalition publications on housing and community development:

Agenda for Positive Action: State Programs in Housing and Community Development (November 1968)

Powers for Urban Coalition Housing Task Forces (July 1969)

Housing and Community Development: A Compendium of Draft State Programs (February 1971)

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